

Title: The Scottish Office and the Highland Problem, 1930s-1965

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DECLARATION

I declare that this thesis has been composed by me, that the work has not been submitted for any other degree or professional qualification except as specified.

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ABSTRACT

This thesis is concerned with the government, the State, and the Highlands and Islands. At the core of the research are the changing attitudes of the Scottish Office to a comprehensive Highland development agency during the period, starting with such hopes in the mid-1930s which were not recognised by the government. The thesis will show there was a long term evolution towards a Highland Development Board in 1965, and that the Board was not just an innovation by the new Labour government of October 1964. It will especially cover the work of John Rollo, his early association with Tom Johnston, and his later success with Lord Malcolm Douglas-Hamilton in creating the Highland Fund Ltd which demonstrated their successful approach to encourage 'small' rather than 'big' business development in the Highlands & Islands – a success which was reluctantly acknowledged internally at the Scottish Office in 1957. The role of the Highlands & Islands Advisory Panel will also be shown to be more influential than has been previously recognised – especially following their fact finding visit to Norway in 1961, and their contributions to the 'transport' debate.

Concerns were expressed by the Highland Committee at the Scottish Office in 1961 of a lack of emphasis towards Highland development following publication of the Toothill Report and resulting administrative changes, which suggested a preference towards 'Lowland' development. On the other hand, with the appointment of Michael Noble as Secretary of State in 1962, the thesis will show a renewed and detailed approach to highland development, especially for transport, Noble's support for the electricity boards' merger (later abandoned), and his surprising invitation to Rollo's Highland Fund to contribute to the government's policy in 1963 with the Treasury Loan Scheme. By August 1964 the Scottish Office had 'an excellent foundation on which to build', if a Highland Board was to be required, but this Conservative development was interrupted by the Labour Party's electoral success in October. The thesis will show how the Labour government took the pre-election work forward to the statute book. The thesis finally explores the debates which produced the functions of the Highlands & Islands Development Board, on which the established figure of Dr Robert Grieve became chairman, and John Rollo was his vice-chairman.

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The final work is dedicated to the memory of my late brother, Graham.

The Scottish Office and the Highland Problem, 1930 to 1965

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The Scottish Office and the Highland Problem, 1930 to 1965

Introduction

This thesis is about the government, the state, and the Highlands and Islands of Scotland, as opposed to 'crofting' or 'the land question', which have been dealt with elsewhere.¹ The core of the research relates to changing attitudes towards a comprehensive Highland development agency. The hopes in the 1930s for such an agency, reflected in the Hilleary Report of 1938 which recommended the appointment of a 'Highland Commissioner',² were not recognised by the government. In 1951, Sutherland County Council, fearing further depopulation and the lack of opportunity in their area, put their case for a 'Special Authority for the northern counties of Scotland' but received no support from Lord Home the Minister of State, the Highland Panel, or the other Highland county councils.³ Lord Home described such a body as an unnecessary 'extra cog in the wheel [of government] not necessarily achieving greater efficiency.'⁴ However, it may have been the Sutherland councillors' agitation which triggered an internal shuffling of resources at St Andrew's House when a new 'Highland Committee' was appointed at the end of 1952. Lord Home, having exchanged his views with Sutherland County Council, declared that he had no intention of shirking his responsibility and would ensure that the existing 'Programme of Highland Development' would be carried out.⁵ His Highland Committee would formalise the arrangements for collaboration between the Scottish Departments on Highland matters. It would 'co-ordinate the progress of investigation into the problems of Highland Development, and make periodic reports.' It would have no responsibility for initiation of policy, but it was likely in practice that a certain amount of new policy would arise from

¹ Adam Collier, *The Crofter Problem*, (Cambridge, 1953); James Hunter, *The Making of the Crofting Community* (Edinburgh, 1976); James Hunter, *The Claim of Crofting*, (Edinburgh, 1991); Ewen A. Cameron, *Land for the People? The British Government and the Scottish Highlands, c.1880-1925* (East Linton, 1996).

² *The Highlands and Islands of Scotland, A Review of the Economic Conditions with Recommendations for Improvement*, (Scottish Economic Committee Publication, 1938); J. Hunter, *The Claim of Crofting*, (Edinburgh, 1991); C.M. Birnie, "'New Deal' or raw deal? Public administration and economic development in the highlands of Scotland, 1929-39' (unpublished University of Edinburgh M.Sc. thesis, 2003).

³ National Archives of Scotland (NAS) APH(52)45 – Minutes of a Highland Panel Meeting with Sutherland County Council 21 February 1952.

⁴ *Northern Times*, 11 July 1952, 4.

⁵ NAS SEP12/2 Minutes of the Highlands & Islands Advisory Panel, Volume I, 1947-55, Lord Home addressing the Panel's 40th meeting, 25 July 1952.

the Committee's deliberations.⁶ By December 1952, the new Conservative and Unionist government had, in essence, adopted Labour's 1950 White Paper for their own programme of Highland development, and any possible extremes of 'party politics' were removed from the debate to resolve the Highland Problem.⁷ In later years, the Highland Committee was described as '[Scottish Office] Ministers' only defence against the accusation that Highland affairs go uncoordinated.'⁸

The Scottish Trades Union Congress (STUC) put the case again in 1954 for a Highland development agency, but was ignored by the Royal Commission on Scottish Affairs.⁹ The thesis will show that genuine concerns and discussions emerged within the Highland Committee of the Scottish Office relating to the future of the Highlands, especially following an official visit to Norway in 1961. There were also suspicions at that time that the Highlands might lose out to the attention being paid to commercial development in the Lowlands following the Toothill Report.¹⁰ The thesis will demonstrate there was an evolution of government policy for the Highlands from that time until 1965, and that the Highland Development Board was not simply an innovation of the new Labour government following the general election of October 1964, as suggested by press reports at the time.¹¹

The thesis will especially cite the work of John Rollo, including his early association with the former Secretary of State for Scotland, Tom Johnston, who had been appointed chairman of the North of Scotland Hydro Electric Board, taking over from Lord Airlie, in 1946. In 1951, Rollo was able to realise Johnston's hopes for small industry being generated by the availability of hydro power at Inverasdale by Poolewe, one of the most remote areas of the western Highlands. More significantly, Rollo's later success with Lord Malcolm Douglas-Hamilton in creating the Highland Fund Ltd will be looked at in detail. James

⁶ NAS SEP12/127 Appointment and Terms of Reference of the Highland Committee at its First Meeting, 15 December 1952.

⁷ Parliamentary Papers, *A Programme of Highland Development*, 1950, Cmd.7976.

⁸ NAS SEP12/97 Memorandum R.H. Law to Mr Whitworth reviewing the Highland Committee's status, February 1962.

⁹ Cmd 9212, Royal Commission on Scottish Affairs 1952-1954 Report, July 1954, 84 [Government] REPORTS; Commissions &c (12) 1953-54 XIX.

¹⁰ *Inquiry into the Scottish Economy 1960-1961* under the chairmanship of J.N. Toothill, Esq., C.B.E. (2 October 1961) [Toothill Report].

¹¹ *The Scotsman*, 4 November 1964, 7.

Hunter has published a short history of the Highland Fund¹², and the establishment of the Fund is included in the biography of its first secretary, Roddy MacFarquhar.¹³ An enhanced Scottish Office perspective on the Fund's activities will be provided here. The thesis will cover Rollo's business background, and his own 'crofting' experience, and demonstrate the relevance of his and the Fund's encouragement of 'small' rather than 'big' business in the Highlands and Islands, the success of which was reluctantly acknowledged at the Scottish Office in 1957.¹⁴

The role of the government's Highlands and Islands Advisory Panel under the chairmanship of Lord Cameron from January 1955 will also be shown to have provided a positive influence, especially following their fact-finding visit to Norway in 1961, and their contributions to the 'Transport' debates. Norway demonstrated to the Panel how successful development could be achieved in a country with a rural, highland terrain and an extensive coastline. Since the 1940s, the Norwegian government had successfully managed the change from reduced agricultural and rural employment, to the establishment of viable development areas which retained the country's population in productive enterprises. Before that, in the earlier years of the twentieth century overseas emigration had not hurt Norway as much as Scotland and the Highlands:—

Overseas emigration: Rate per 1,000 people —

	<u>1901-10</u>	<u>1913</u>	<u>1921-30</u>
Norway	8.3	4.25	3.1
Scotland	9.9	14.4	9.2 ¹⁵

By the late 1950s this experience would have provided a better balanced population in Norway at a time when the Norwegian authorities were encouraging

¹² J. Hunter, *Highland Fund 1953-1991*, (Glasgow, 1992) National Library of Scotland Reference QP.92.414.

¹³ J. N. McCrorie, *The Highland Cause, The Life and Times of Roderick MacFarquhar*, (Saskatchewan, 2001), 147-162.

¹⁴ NAS SEP12/67 Memo, 12 November 1957 from I.L. Sharp to Mr Mackay, Scottish Home Department.

¹⁵ D. Baines, *Emigration from Europe 1815-1930*, (Basingstoke, 1991), 10.

the rural population to move to viable centres of activity, sometimes with the gradual withdrawal of financial assistance from rural areas.

[The Norwegians] accepted the need to do something for the obviously viable communities, and not waste time and money on the others.¹⁶

Such a policy, with its undertones of enforced removal, would not be one with which the Scottish authorities would have wished to be associated, given Highland history. Otherwise, the Norwegian example was admired, and the encouragement of 'development officers' and 'growth areas', a central idea in British regional policy at this time, became more apparent at the Scottish Office after the Norway visit. The STUC also continued to lobby the Scottish Office for the establishment of a Highland Board, but it will be shown that official replies to the trades unions in the early 1960s were intentionally 'non-committal'.¹⁷ On the other hand, the trade union interest in the Highlands and Islands was carried at a personal level through William Scholes of the Trade and General Workers Union. He was a member of the Harris Tweed Association, and through his union work had been involved in negotiations between the Harris Tweed mill owners in Lewis and their workers. He had played his part in the Scottish Trade Unions' lobbying for a Highland Board since the early 1950s. He represented a Union interest on the Highland and Islands Advisory Panel and was also a member of the Development Commission.¹⁸

The Development Commission had been established in 1910, initially providing funding through a Rural Industries Bureau to Rural Community Councils in England. The Scottish Women's Rural Institute was an early recipient of Development Commission funds in Scotland, as was the Scottish Agricultural Organisation Society (SAOS). The construction and improvement of harbours and support for fisheries research was another aspect of the Commission's work which helped rural Scotland by the 1930s. After 1945 there was pressure on the Development Commission to economise and their responsibility for the SAOS was

¹⁶ NAS SEP12/218/4&5 Paper, 'Recent Settlement in the Highlands of Scotland' presented to a Symposium at Siljan, Sweden, July 1960, by Frank Spaven, Department of Health for Scotland.

¹⁷ NAS SEP12/97 Highland Committee correspondence to Committee members 26 July 1962, R.H. Law's 'further lines of action' following *ad hoc* Committee meeting 18 July 1962.

¹⁸ NAS SEP12/359/31 Minutes of Meeting 3rd September 1965 in St Andrew's House – discussion of candidates for the Highlands and Islands Development Board in confidence.

transferred to the Scottish Office.¹⁹ The role of the Development Commission became relevant in the Scottish Office's discussions concerning their Highlands and Islands policy in the early 1960s.

The thesis will suggest that it was with the appointment of Michael Noble as Secretary of State for Scotland in 1962 that considerations were given to more active highland development. Noble's proposals will be considered in detail. An attempt to improve Highland transport was a prominent feature at this time, for which two leading members of the Highland Panel, R.H.W. Bruce and I.R. Hilleary, came to the fore – both were eventually to be appointed to the new Highland Transport Board in 1963. The electricity debate came to a head also, with the decision not to merge the north and south electricity boards, for fear of electoral reversals for the government in Scotland. This decision caused Noble to reconsider his plans for Highland development. Surprisingly, these included an invitation to John Rollo and the Highland Fund to participate in a revised government policy for the Highlands in the form of a 'Treasury Loan Scheme' for small businesses in the area. The Scottish Office, with funding from the Development Commission, would provide an annual sum of £50,000 for three years which would be distributed by the Highland Fund who would assess the applicants and distribute the loans on behalf of the government. This arrangement began its successful operation before the end of 1963.²⁰

The thesis will show that by April 1964 development for Scotland was already on the Scottish Office agenda. Following the Toothill Report, reorganisation of responsibilities at the Scottish Office in 1962 had created the Scottish Development Department.²¹ The Conservative government had instigated 'regional surveys' for the whole of Scotland which included the 'Highlands and Islands'. More particularly, considerable thought was being given to the Highlands and Islands by Sir Matthew Campbell at the Department of Agriculture relating to 'what role a Highland Development Authority could play, if it was decided that such an Authority should be set up', and how it could relate to, or even take over

¹⁹ Alan W. Rogers, *the Most Revolutionary Measure – A History of the Development Commission*, (Rural Development Commission, Salisbury, 1999), 44-65.

²⁰ NAS SEP12/14/001 APH(63)123 Memorandum 21 November 1963 from Department of Agriculture & Fisheries Scotland – 'Highland Fund - Official Scheme'.

²¹ Ian Levitt, 'The Origins of the Scottish Development Department, 1943-1962', *Scottish Affairs*, 14, Winter, 1996, 42-63.

the role of the Development Commission for the Highlands and Islands.²² The Scottish Office was also aware of the Labour Party's election manifesto promise of a Highland Development Board, which was repeated on Highland hustings by the Labour leader, Harold Wilson at his election address at Inverness in May 1964.²³ The Scottish Office was prepared for whatever party would win the general election in October 1964.

In the overall election result for the United Kingdom, Labour gained office at Westminster by a majority of four seats. In the six Highland seats, Labour's only 'Highland' MP, Malcolm Macmillan held the Western Isles. Three Unionist MPs for the 'mainland' counties lost seats to the Liberals, while both Michael Noble, Unionist for Argyll, and Jo Grimond, Liberal for Orkney and Shetland, retained their seats. As the establishment of a Highland board had long been the Liberal party's policy, advocated by Jo Grimond, the new government could claim a clear consensus for their pre-election proposals, without actually gaining any Highland seats.

The final section of the thesis examines the post-election period when the new Labour government in Scotland, under Secretary of State William Ross, took the previous regime's preparatory work for a Highland Board forward to the statute book in 1965. While the Westminster government departments under their new leaders provided an accommodating attitude towards the new legislation, it will be shown that Michael Noble became perhaps the loudest voice in opposition – a peculiar turn around from his apparently positive interest and intentions for the Highlands and Islands in the previous two years. However, regardless of Noble, the Scottish Office under Willie Ross proceeded apace, beginning with a detailed address in the House of Commons to open the debate on the Highlands and Islands Development Board.²⁴ He explained his government's intentions,

I think that it has become more and more obvious to everyone who studies the problem that after all the commissions, reports and surveys, and after all the money that has been put into the improvement of agriculture, what really has been needed is an authority with executive

²² NAS SEP12/217/77 Memorandum 21 April 1964, Sir Matthew Campbell, DAFS to T.D. Haddow enclosing a 5 page 'Note' on a possible Highland Development Authority, paragraph 1.

²³ *Inverness Courier*, 26 May 1964, 3 'Labour leader in Inverness'.

²⁴ *Hansard* Vol.708, 16 March 1965 Cols.1079-1096.

powers to deal comprehensively with the problems; not to deal with one at a time, but comprehensively. For this reason we have decided to establish the Highland Development Board.²⁵

In his concluding comments, Ross touched upon the State's past historical failure of the Highlands and Islands which his government now sought to rectify. He suggested, 'the Highlander had long been the man on Scotland's conscience', and that 'no part of Scotland [had] been given a shabbier deal by history.'

Too often, in the past, there had only been one way out of his troubles for the person born in the Highlands – emigration.

The Secretary of State observed that most commentators of the day were implying that 'it was high time that a serious step was taken to redress history in this respect,' which would be the task of those people entrusted with the new Highland Board's duties²⁶ – 'that twentieth-century Scotland owed it to the Highland and Islands to make some restitution'²⁷ is James Hunter's more recent interpretation of Ross's words. It was perhaps this vivid speech by Willie Ross, admitting 'official' failures of the past, while looking forward to 'redress' the Highland situation for the future, that has contributed to an overstatement of the Labour Party's innovation of the Highland Bill, rather than the continuities from the previous government which will be identified in the following pages.

The thesis concludes with the discussions concerning the appointment of the Board chairman, Professor Robert Grieve, and more surprisingly, his vice-chairman John Rollo. If there had been a change of official attitude towards John Rollo over the preceding ten years, this had been superseded by the substantial movement in government policy for the Highlands and Islands since the rejection of the Hilleary Report recommendation for a Highland Commissioner twenty seven years before. In the 1930s the cry was for special treatment for a distinctively different area of the United Kingdom, for example encouragement of the new tourism opportunities – a cry met by the Secretary of State, Walter Elliot with,

²⁵ *Hansard* Vol.708, Cols. 1080-1081.

²⁶ *Hansard* Vol.708, Cols. 1095.

²⁷ J. Hunter, *Last of the Free, A Millennial History of the Highlands and Islands of Scotland* (Edinburgh, 1999) 355.

To have the race engaged in the tourist industry would not result in the Highlands which our forbears knew and they would not be the Highlands which we desire to preserve.²⁸

That official fixation with 'preservation' in the mid-1930s was laid to rest in 1943 with the creation of the North of Scotland Hydro-Electric Board. The 'Hydro' at least provided an available source of energy not only to improve domestic facilities, but also to encourage means of commercial development, both big and small.

Sources

The information contained in the thesis is based mainly on critical assessment of the primary sources from the Scottish Office files in the National Archives of Scotland (NAS) in Edinburgh. In order to avoid domination by a civil service view, local and national press has been consulted extensively, as well as parliamentary debates to obtain the different political perspectives. The advantage of reference to the NAS files lies in their ability to provide a depth of discussion and debate. The documented exchange of ideas between the Highland Committee members at the Scottish Office in June/July 1962 is an excellent example. Messrs Aglen, Law and Grieve shared their thoughts concerning a 'Regional Plan for the Highlands'. Of the three, Grieve had most experience from his long association with planning for the Highlands since the 1940s when he was Regional Planning Officer for the Northern Region. He was party to the favourable discussions at the time concerning the possibility of a new town being created at Invergordon in Easter Ross.²⁹ These 1962 discussions had been prompted by 'the latest memo from the STUC proposing a Highland Development Corporation',³⁰ and the resulting internal correspondence could be described as the beginning of a restatement of Highland policy.

²⁸ *Hansard* Vol.318, 16 December 1936, Cols.2579-2580.

²⁹ E.A. Cameron, 'The Seven Men of Knoydart', *Transactions of the Gaelic Society of Inverness*, (2001), pp.170-173; NAS DD12/1403, H.A. Rendel Govan, Proposed New Town at Invergordon, Ross-shire, 9.

³⁰ NAS SEP12/97 Correspondence 27 July 1962 between R H Law and Messrs Aglen and Grieve, Senior, Bell, McGuinness; relating to the Highland Committee.

It has also been possible to show the gradual change of official opinion towards the Highland Fund. In 1953 Lord Home stated that the Fund had 'no official backing', and in his view 'it deserved a lukewarm or even cold reception'.³¹ By 1957 the attitude was amended to,

the Department had no feelings against the Fund, but that there was no question of giving it any official recognition or, particularly, any Government grant.³²

Michael Noble's invitation to John Rollo and the Highland Fund in 1963 to assist with government policy to finance small businesses in the Highlands and Islands with a Treasury Loan Scheme completed the transformation.³³

Of the newspapers, the *Inverness Courier* has been a mainstream of information and occasionally provided peculiar points of view. The editor, Evan Barron, was never in favour of any special authority or board for the Highlands and Islands, but was content with putting his faith in the judgements of the British government. In 1953, the *Courier* was not impressed with Lord Malcolm Douglas-Hamilton's first announcement of the Highland Fund, condemning it as 'a snare and a delusion', claiming that 'the Highland problem can only be solved by national action on a large and comprehensive scale'.³⁴ The same editor had, however, already praised and welcomed John Rollo's efforts on a small scale, when his paper reported Rollo's project at Inverasdale the year before to be, 'a small but worthwhile factory on the west coast of Ross-shire'.³⁵ The *Glasgow Herald* was happy to publicise an argument between the Glasgow provost and the chairman of the Crofters Commission in 1956, which involved John Rollo as a peacemaker. This coverage will demonstrate that the distance between Glasgow businessmen and the Highlands and Islands was more than just physical. Magnus

³¹ NAS SEP12/67 10 November 1953 Memo N.D. Walker to Miss Shiels: and J. Hunter, *Highland Fund 1953-1991*, (Glasgow, 1992).

³² NAS SEP12/67 Memo, 29 November 1957, 'The Highland Fund Ltd', W.W. Gauld to Mr Mackay, Scottish Home Department.

³³ NAS SEP12/217/70 DAFS Submission to Secretary of State 27 June 1963; NAS SEP12/217/72 Minute, W. Baird to Mr Rennie, 1 July 1963 conveying the Minister of State's reply; NAS SEP12/67 Memo, 12 November 1957 from I.L. Sharp to Mr Mackay, Scottish Home Department relating to recognition of the Highland Fund.

³⁴ *Inverness Courier*, 20 November 1953, 4, 'Will-o'-the-Wisp'.

³⁵ *Inverness Courier*, 16 January 1953, 3.

Magnusson, then of *The Scotsman*, was aware of John Rollo's activities, publicising the Highland Fund's help to the Brora coal mine in 1962,³⁶ and soon after contributing a 'profile' of 'John McConnachie Rollo' setting out his background and the work of the Highland Fund in some detail.³⁷

This is a neglected period in the secondary literature, given only episodic or summary treatment in general histories. For example, both Lynch and Harvie deal with the creation of the Highland Board in two short sentences, one of which refers to Michael Noble's ill-advised comment, 'The Unionists / Conservatives described the Board as "undiluted Marxism."' ³⁸ There has perhaps been more detailed attention paid to the hydro-board than the development board. Detailed studies of the highlands in this period are fewer than those of the period before c.1930, but the work of James Hunter is now a welcome addition to the historiography of the Highlands and Islands, and indeed an inspiration to recent students.³⁹ Ian Levitt's published work relating to the Scottish Office provides many useful pointers to relevant material, although his description of the Highland Fund Ltd as 'a Highland charity'⁴⁰ echoes the early criticisms of the Highland Fund by the STUC's leader George Middleton.⁴¹ Most recently, Andrew Perchard's work at the University of the Highlands and Islands Centre for History has included a wider perspective on the presence of the British Aluminium Company at Foyers, Kinlochleven and in the Fort William area at Inverlochy.⁴²

Although the legislation for the Highland Board was introduced by the new government in 1965, the Scottish Office sources demonstrate the elements of continuity and change from the 1930s to enable the evolution of government policy. 'Continuity' will be evidenced by the ever-present Highlands and Islands

³⁶ *The Scotsman* 4 June 1962 Magnus Magnusson on Monday, 'Brora Pit Rejuvenated'.

³⁷ *The Scotsman* 18 August 1962, 3 'A Scottish Profile' by Magnus Magnusson.

³⁸ Michael Lynch, *Scotland, A New History* (London, 1992), 442; Christopher Harvie, *No Gods and Precious Few Heroes Scotland 1914-1980* (Edinburgh, 1998), 143.

³⁹ J. Hunter, *The Making of the Crofting Community* (Edinburgh, 1987); J. Hunter, *The Claim of Crofting: the Scottish Highlands and Islands, 1930-1990*, (Edinburgh, 1991); J. Hunter, *The Highland Fund 1953-1991*, (Glasgow, 1992); J. Hunter, *Last of the Free, A Millennial History of the Highlands and Islands of Scotland* (Edinburgh, 1999).

⁴⁰ Ian Levitt, 'The Creation of the Highlands and Islands Development Board, 1935-1965', *Northern Scotland*, 19 (1999), 99.

⁴¹ Glasgow Caledonian University Collection; Archives, Scottish Trade Union Congress Archive; 59th Annual Report of the STUC 1956, Consideration of General Council Report, Address by General Secretary, George Middleton, p.237/238; and *Glasgow Herald* 19 April 1956.

⁴² Andrew Perchard, 'Sculpting the "Garden of Eden": Patronage, community & the British Aluminium Company in the Scottish Highlands, 1895-1982', *Scottish Labour History*, vol. 42, 2007.

Advisory Panel over the period from 1947, while 'change' will be seen to be forthcoming from leading members of the Panel, notably Lord Cameron and Ian Hilleary whose advice on transport was particularly relevant, contributing to Michael Noble's term of office and his own efforts to create 'development' for the Highlands and Islands. The important role of the members of the Highland Committee at the Scottish Office will be demonstrated, as will the guidance of Sir Matthew Campbell whose career from the late 1930s spans the period covered.⁴³

The thesis will demonstrate that a new modernity was introduced to the 'highland problem' from the early 1930s onwards. The emigration of the 1920s came to an end as global depression cut off emigrant destinations. The importance of the hitherto ever-present 'land question' appeared to diminish. The more practical problems facing communities came to the fore, especially those of transport and inadequate roads, and the need for employment beyond the regular duties required on crofts. John Rollo's example at Inverasdale will capture exactly the reality of the latter. The cry for the Highlands and Islands to be treated differently from the rest of the United Kingdom grew louder in the 1930s, but the message was still ignored by the authorities in their assessment of the Hilleary Report in 1938. The thesis begins in the 1930s because this was not simply a 'post-war' problem for the later 1940s. The pre-war activists were concerned with 'development' rather than a concentration on 'crofting', which brought about the Highland Development League in 1936. By 1940, there had been the creation of an Edinburgh based Scottish Office with the opening of its new headquarters at St Andrew's House in 1939. In 1943 the North of Scotland Hydro-Electric Board was established, and the 1945 general election resulted in a Labour government. The Highlands and Islands Advisory Panel, created by the Labour government in January 1947 will be shown to have been an important influence on Highland policy, especially in the second half of its eighteen years existence under the chairmanship of Lord Cameron.

The first chapter will recall the words and actions of some of the early twentieth century campaigners for improvements to the governance of the Highlands and Islands of Scotland, especially during the 1930s. It will preface the bulk of the work, which relates the arguments and activity of several individuals,

⁴³ *The Independent* (London) March 25, 1998, Wednesday Obituary: Sir Matthew Campbell by Tam Dalyell.

including local Highland councillors and Members of Parliament, during the post-war years and especially through the 1950s and '60s, to promote development in the Highlands and Islands. Initially dismissed out of hand by officialdom, they and their ideas were gradually recognised by the Scottish Office to bring about the 'Highlands and Islands Development Board' in 1965.

CHAPTER ONE

Facing up to Highland problems - first half of the 20th century

Early activity - before the 1930s

The traumas of the 'Crofting Counties' during the nineteenth century had paved the way for the report of the Napier Commission in 1884.¹ The resulting Crofters' Holdings (Scotland) Act 1886 granted security of tenure and created a Crofters Commission. Though the Liberal government had taken this action following the Napier Commission's findings, it chose to ignore the fundamental suggestion of creating townships in the crofting counties. Nevertheless, the crofters gained the right to fixed tenure, fair rent and compensation for their own improvements to their crofts in the event of leaving. Ten years later, however, as deficiencies were recognised in the system, including an apparent lack of available finance, a Conservative government created the Congested Districts Board in 1897 to assist development, create new holdings and enable migration to them where necessary.² Additionally, the government provided grants for roads, bridges and piers in the Crofting Counties. There was exclusivity about this new legislation which was specifically applicable to the 'Crofter Counties',³ as it recognised the traditional form of 'fixed tenure' of the croft homes there. However, the exclusivity was abandoned in 1911 when, administratively, 'crofters' became 'small landholders'. They retained their rights of fixed tenure and fair rents, but otherwise, the 'smallholder' legislation now applied across the whole of Scotland. In 1912, the responsibilities of the Congested District Board were transferred to the newly created Board of Agriculture for Scotland, while the responsibilities of the Crofters Commission were assumed by the Scottish Land Court. Far from improving the public administration of the Highlands and Islands, Hugh Fraser Campbell reflected in 1920 that the United Kingdom parliament had deprived the

¹ [Napier Commission] Parliamentary Papers, 1884, XXXIII-XXXVI: *Report of Inquiry into the Condition of the Crofters and Cottars in the Highlands and Islands of Scotland*.

² E.A. Cameron, *Land for the People? The British Government and the Scottish Highlands, c. 1880-1925* (1996), Chapter 4.

³ The term 'Crofting Counties' referred to the seven counties of Argyll, Caithness, Inverness-shire, Ross and Cromarty, Sutherland, Orkney, and Shetland. Lewis, in the north island, was part of Ross-shire; while the remainder of the Western Isles, including Harris were part of Inverness-shire. The Western Isles did not become a unitary council area until 1975.

Highlands and Islands of certain benefits which they enjoyed before 1911, especially in respect of Land Tenure.⁴ The same observer was critical of the government's 1911 intentions, suggesting that assimilation of the Highlands and Lowlands in relation to administration of Land, Education, Housing, Medical Services and Economic Development was unworkable, for the basic reason that,

the differences in contour, fertility and value of the land, and in density of population, required distinctive methods of administration which must differentiate the Highlands and Islands from the rest of Scotland.⁵

J.P. Day, writing around the same time, came to the conclusion that while the system of public administration might have been excellent for Lowland Scotland, and was tolerable for the mainland of the Highlands, it was not appropriate for Orkney, Shetland, the Long Island and Skye, because of the cost and over-elaboration. Day thought it 'more economical and not necessarily conducive to less efficiency, if a new Department of the Islands was established under the Secretary for Scotland with a small specially trained inspectorate'.⁶

In 1920 Hugh F. Campbell formed what he called the 'Highland Reconstruction Association' along with a 'Highland incomer' Alexander MacEwen to campaign for distinctive 'Highland' legislation to match the particular differences of the population and landscape. MacEwen had been brought up in India, though had attended schools in Britain, and university at Edinburgh. He subsequently joined his family's legal firm in Inverness where his 'liberal' political interests at university led him towards local politics in 1908 with Inverness Town Council; withdrawing around 1917 because of local antagonisms; but resuming in 1923 as councillor for Central Inverness Ward, and progressing to become Liberal Provost in 1928, a position he retained until 1931.⁷ His services as Provost were recognised with a knighthood in 1932, and Sir Alexander MacEwen subsequently

⁴ H.F. Campbell, *Highland Reconstruction*, (Glasgow, 1920), 176.

⁵ Campbell, *Highland Reconstruction*, 287.

⁶ J. P. Day, *Public Administration in the Highlands and Islands of Scotland*, (London, 1918), 384.

⁷ Frank G. Thomson, 'A Different Drum, a Bibliographical Note on Sir Alexander MacEwen, Inverness', in *Transactions of the Gaelic Society of Inverness*, LX, 1997/98, 109-124; Richard J. Finlay, Scottish Nationalists and the British Empire, *Scottish Historical Review*, Vol. LXXI, 1992, 184-206.

became an Inverness County Councillor representing the western isle of Benbecula. He remained active in the mainstream political and industrial campaigning for the improvement of his adopted homeland, and arguably, it was MacEwen who helped to build on the ideas of J. P. Day and Hugh F. Campbell and endeavour to switch the emphasis for development away from the traditional agricultural occupations to development involving newer means of creating employment.

Attempts at improving, or even streamlining, the public administration of the Highlands and Islands were introduced by the Local Government (Scotland) Act of 1929. This Scotland-wide legislation created county councils, town councils and district councils. The legislation was brought into operation in 1930, giving substantial representation to Town Councils which, because they were based on the larger burghs, could also predominate in the County Councils.⁸ In the remaining 'landward areas' responsibility for local government fell upon the County Councils which could delegate certain functions to District Councils in addition to the District Councils' own minor statutory duties. One key difference following this legislation was that the old parish councils ceased to exist.⁹

The impact of the 1929/30 international trade slump had little immediate effect on the Western Isles, but by 1932 the waves of depression had spread deeper and further into the UK economy. From the Highlands, and especially the Islands, there was now endless lobbying and petitioning of the government for help, particularly through the early years of the 1930s by the Western Isles' Liberal Member of Parliament T.B. Wilson-Ramsay who lobbied the Scottish departments and the Secretary of State for Scotland, Sir Godfrey Collins, and also preyed on the possibility of Scottish sympathies from the Prime Minister Ramsay MacDonald. A typical plea expressing the "distress" experienced in the Western Isles came from a local merchant in Lochboisdale, South Uist,

Eriskay has never been so hard hit ... the Barra fishing is a total failure with not a single barrel of fish being cured on our new Lochboisdale pier ... The women have not been called away south as usual for the

⁸ J.E. Shaw, *Local Government in Scotland, Past, Present and Future*, (Edinburgh, 1942), 28.

⁹ Magnus Magnusson, 'Highland Administration', in D.S. Thomson and I. Grimble, Eds. *The Future of the Highlands*, (London, 1968), 250.

gutting ... The crofters are even worse off – the price of cattle is down 50%; sheep are un-saleable; Blackfaced wool is as low as 5 pence per pound ... The Means Test has deprived a third of those on the dole. ... The weather has been so wet – Ormiclate and Stony Bridge roads are dangerous. Our lorries get stuck in ruts - there are no roads through our townships except a path, at present almost impassable. The road to Glendale is in a fearful state – the doctor had enormous difficulty getting through to save two patients. If the dole paid to our unemployed had been used to pay for work on our roads, bridges, drainage, and fencing – even 3 days a week would have been a boon ... it would have made them quite passable, and relieved the distress ... unthinkable that ‘dole’ money to our unemployed is preferred to paying healthy men to work.¹⁰

Repeated pleas for additional financial help from the government, especially to build suitable roads on the Islands, were eventually dismissed by the Secretary of State for Scotland on the grounds that there was no indication that the local authorities concerned would be prepared to meet the normal proportion of the cost of a road programme on the scale suggested, and that

The Government attaches importance to the principle of local contribution, apart from offers of free labour.¹¹

This was, perhaps, an excuse too far, which ignored the fact that Local Authority funds were raised by the system of rates – the local charge on the rateable value of private property belonging to the property owning and land owning population and businesses in the local government area. The two dominant characteristics of the Highlands and Islands were the expansive land area (including islands), and the small scattered population. Both of these factors combined to negate any benefits of the local funding system which applied, without exception, to the whole of the

¹⁰ National Archives of Scotland (NAS), DD15/2/5, Letter to T.B. Wilson-Ramsay MP from D. Ferguson 7 November 1932 and forwarded to the Secretary of State for Scotland.

¹¹ NAS AF43/345/48, Sir Godfrey Collins' letter to T.B. Wilson-Ramsay MP 27 June 1935.

otherwise more densely populated British Isles.¹² In practical terms, J.P. Day had previously cited the parish of Temple in Midlothian, where the gross rating valuation was £44 per inhabitant, compared to the parish of Barvas in Lewis with a valuation per inhabitant of only 9 shillings [45p in modern currency]. A penny rate charged in Temple would produce nearly one hundred times more revenue per inhabitant than a penny on the Barvas rate.¹³ Was this the rebuff which during the mid-1930s prompted some increased activity in the campaign for special recognition for the different circumstances experienced in the Highlands and Islands, and a need for special treatment?

Activists and campaigns in the 1930s

In 1936, Hugh Quigley¹⁴ published his *Plan for the Highlands*, a booklet detailing his views on Highland development. He was encouraged in this by Sir Alexander MacEwen who provided a 'Foreword'.¹⁵ Quigley was critical of the old Clan system as an 'essentially patriarchal or tribal economy' which had maintained a larger Highland population than could otherwise have existed. The deer forests, he suggested, had merely prolonged an outdated process, and had become a national pre-occupation of Highland landowners with which to provide for the sporting tastes of factory owners and wealthy aristocrats; instead of exploiting the basic demands for food and clothing from the industrial population, which could have been provided by larger scale farming with sheep and cattle. He thought that any source of prosperity had vanished by the 1890s, and that the beginning of the 20th century had seen the collapse of deer stalking and its dependent activities. With deer forests, a considerable proportion of the land was still given over to small scale arable farming and pasture which had survived as a continuation of the old Highland economy. This had prevented any expansion of agriculture on a larger scale, which could have modernised that Highland economy. Deer forests had not, on the whole, represented an improvement over the old system, as they

¹² *Inverness Courier*, 20 October 1934, 4.

¹³ Day, *Public Administration*, 378.

¹⁴ Hugh Quigley, a Scot from Stirling, educated at Lanark Grammar School, had gained a wide ranging international academic record, and was now a Chief Economic Advisor to the Central Electricity Board; National Library of Scotland, Lachlan Grant MSS, Acc.12187, Vols. 12, 44.

¹⁵ Hugh Quigley, *A Plan for the Highlands, Proposals for a Highland Development Board* (London, 1936).

neither conserved the natural land resources of the Highlands, nor encouraged general economic activity.¹⁶

Quigley insisted there was now a new urgency for future development, and with similar ideas to those of Alexander MacEwen he advocated the Highlands and Islands' 'active and passive assets'. The active assets comprised tourism, field sports, forestry and hydro power which could all provide "considerable business possibilities". The 'Passive Assets' were those areas of land now capable of new afforestation, sheep farming, arable farming, market gardening, and metallurgical and mineral developments. Priority should be given under four key headings – tourism, intensive agricultural development, and afforestation, with major planning allocated to communications, especially to modernising roads and sea transport with improved ports, piers and harbours. All these were a recurring theme which highlighted factors with a specific significance to Highlands and Islands' life, as distinct from elsewhere in the UK. To oversee their implementation, Quigley suggested the creation of one statutory body - a Highland Development Board to operate over a twenty year period.¹⁷

In doing so, Quigley was perhaps following the political movement in metropolitan Britain where, in the mid 1930s, state planning was no longer seen as the evil it had been in the 19th century; and where there was a new conviction amongst some politicians that central economic planning must now be paramount. Both Labour and Conservative politicians had protested against the unmanaged private capitalism of the 1920s. Following the 1931 Crisis, Harold MacMillan had claimed that "the basic circumstances of economic life were wholly different"; and others now agreed that it was impossible to meet the vastly changed conditions of the modern era with outmoded legislation.¹⁸ To promote these ideas, the organisation Political and Economic Planning (PEP) was created.¹⁹ A fortnightly broadsheet, *Planning*, publicised their views, and they had leading Scottish sympathisers in Robert Boothby and Tom Johnston. In July 1935, PEP's "Next Five Years" group was discussing nationalisation of transport, electricity, industrial insurance, mining royalties and armaments; but in the 1936 editions of *Planning*,

¹⁶ Quigley, 13-20.

¹⁷ Quigley, 22-25.

¹⁸ Arthur Marwick, 'Middle Opinion in the Thirties: Planning, Progress and Political "Agreement"', *English Historical Review*, 79, (1964), 285-294.

¹⁹ Marwick, 'Middle Opinion', 288.

space was allocated to discussion of the Highlands and Islands of Scotland. In April, Hugh Quigley's newly published *Plan for the Highlands* was reviewed, and a September edition featured an article entitled, *The State of the Highlands*, which included an international comparison for the Highland problem, asking why the Highlands should be doomed to decay, even if there were natural obstacles to overcome? Norway, Sweden, Finland, Iceland and the Faeroes were suggested as similar northern communities, all of which appeared to be flourishing and progressive. It was suggested that even Greenland, governed by Denmark, was better off than the Highlands, where the Highlander was left to face, apparently unsupported, the vagaries of the modern world, without the comparative benefits of the Danes' "intelligent administration".²⁰ Similarly, reference has been made above to the impossibility of meeting the challenges of vastly changed modern conditions with outmoded legislation, which statement could equally apply in a more localised sense to the Highlands & Islands. In many ways the Highland commentators since the 1920s had been saying the same thing – that the legislation which had applied to the Highlands and Islands before 1914 was not relevant in the 1930s. For the future, MacEwen, Quigley and others were desperate for new public investment with careful planning to provide the people in these most northern areas of the UK at least some of the benefits of a modern existence. Although Boothby and Johnston were on opposite sides of the political spectrum, they each recognised that a new way ahead was required for Scotland in the 1930s; but did the fact that such arguments were being exchanged within a centralised system of British governance automatically prevent a specific region, and one as distinct as the Highlands and Islands, from claiming its own requirements which differed substantially from mainstream government policies?

If Quigley's contribution to the 'Highland problem' debate tended towards a 'theoretical' approach, perhaps the evidence emanating from a medical doctor in Ballachulish in the mid-1930s provided a more practical, and even worrying angle on the contemporary condition of the area. This related to the people of the Highlands and Islands, or the 'Gaelic race' - a term in common usage in the 1930s. For example,

²⁰ Unattributed, 'The State of the Highlands', in *Planning*, No.LXXXI, 8 September 1936; also to be found in the papers of Dr Lachlan Grant, National Library of Scotland, Acc.12187, Vol.10, 9.

the “British” race had given the world the British Empire, but in the Highlands of Scotland there was a general consensus that the “Gaelic race” had played a prominent part in creating that Empire.²¹

War casualties during the ‘Great War’ and subsequent emigration during the 1920s could explain the reducing Highland population during the 1930s. From 1920 to 1930, 494,733 people had emigrated from Scotland. Though there were some incomers, the outgoing balance was 385,979. Scotland’s total population at the 1931 Census was 4,842,554, a reduction of 0.8% from 1921. The population of the five Highland counties (Argyll, Caithness, Inverness, Ross & Cromarty, and Sutherland) totalled 249,634, which had reduced by 9.6% from 276,222 in 1921. The rate of decrease in the four ‘Northern Highlands & Islands’ counties (excluding Argyll) averaged 10% with the rate of decrease for each county now being -

Inverness	0.5% against 5.5% in 1921
Ross & Cromarty	11.3% against 8.5%
Sutherland	9.6% against 11.8%
Caithness	9.3% against 11.6% ²²

Inverness county containing the Highlands’ ‘capital’ had managed to balance the losses from its rural and islands population, while the predominantly rural Ross & Cromarty, including the Isles of Lewis, had suffered most. But was it only the numbers that were reducing? What about the quality of the “race”?

This question was asked in the mid-1930s by Dr Lachlan Grant, the medical doctor from Ballachulish. He was a local man who had practised in the area for most of his career – he had been the medical officer at the Ballachulish slate quarries, where he had arguments with the employers over complaints about working practices which endangered the employees’ health. He also served as the

²¹ Evan Barron (editor of the *Inverness Courier*) as Chief of the Gaelic Society of Inverness expressed these sentiments in some detail with his Toast to the Society at their 1935 Annual Dinner. *Transactions of the Gaelic Society of Inverness* 38 (1934-36) 236-239.

²² Marjory Harper, *Emigration from Scotland between the wars: opportunity or exile?*, (Manchester, 1998), 8,9 & 18; Census Scotland, County Reports (HMSO 1911-1961); *Inverness Courier*, 12 June 1931, 3.

consulting medical officer at the British Aluminium Company's hydro powered plant at Kinlochleven. He had witnessed for himself the benefits to the workers there of the improved living conditions in their new family houses provided by the employers.²³ In 1934, Dr Grant read the latest government report of the General Board of Control which advised that the Board could not understand the higher incidence of lunacy in the Highlands.²⁴ Dr Grant was astounded by this statement – surely the Board should be aware that the reason was largely due to depopulation. His views were published in the *Northern Times*,

The strong, virile, physically fit and mentally alert have been encouraged and passively driven [away] and forced to leave their heritage to a populace poorer for the want of them, having a proportionately larger body of infirm, aged and C3 persons. And as long as the depopulation continues, the vicious circle will remain unbroken. The Highland stock will tend to become progressively poorer and this will ultimately lead to extinction. ...²⁵

In Dr Grant's view, 'emigration should be ruthlessly opposed and declaimed as unpatriotic and treacherous', and his expanded opinion on the subject appeared in the same newspaper in January 1936,

During previous periods of economic stress, a vague condition known as overpopulation was described, and accepted as being the cause. Then the solution was clear. Wholesale emigration was the only sure and rational remedy and it was resorted to with wanton abandon. Shipload after shipload of emigrants left the Clyde – to be sadly disillusioned in enriching the USA and our colonies, and leaving the homeland poorer for want of them. These were cargoes of bullion comprising the cream of our flock, all medically certified as A1. Picked representatives of the best mental and physical attributes of our

²³ Andrew Perchard, 'Sculpting the "Garden of Eden": Patronage, community & the British Aluminium Company in the Scottish Highlands, 1895-1982,' *Scottish Labour History*, vol. 42, 2007.

²⁴ 20th Annual Report of the General Board of Control – Lunacy in Scotland, Cmd.4712, Government Reports (5) 1933-34 Vol.XIII.

²⁵ *Northern Times*, 1 March 1934, 7.

race left us to propagate it with the aged and weak who remained at home.

During the past 50 years, over a million Scots have emigrated. Consider! One fifth of our present population! If every emigration was truly a panacea for our national ills, we should be on a peak of prosperity! Instead, the disastrous results of this wholesale exodus are epitomised in the advanced signs of deterioration exhibited in the Highlands and Islands today. Here we have half the area of Scotland still dwindling; definite proof of the physical and mental deterioration of the inhabitants – the remnants of our race – the steady decline of language, native crafts and culture, despite well intentioned but abortive efforts to bolster them up. The people are possessed of despair, further hastening the extinction of a wonderful race. DOOMED BY EMIGRATION.²⁶ [sic]

Having been initially inspired by what he perceived as the poor conditions of life in the Highlands and Islands, Lachlan Grant went on to set out his case for improvement in a Memorandum to his friend the Prime Minister, Ramsay MacDonald; but more significantly, he was encouraged by his associates from the Gaelic Society of London to put his thoughts into a pamphlet entitled, *Wanted, A New Deal For The Highlands*²⁷ which, as will be shown, created much interest.

Hugh Quigley's ideas for a Highland Development Board now coincided with Dr Lachlan Grant's activities during 1935. Grant's press articles and his *New Deal* pamphlet had gained a momentum of popularity among Highland campaigners. He was being quoted widely, gaining many headlines in Scotland and further afield, as his own preserved collection of cuttings testifies.²⁸ A London based Highlander, Campbell Galbraith of the London Argyll Association, had paid for the publication of 5,000 copies of Grant's 'New Deal', and by the end of 1935 it had been circulated widely, stimulating an enthusiastic response. Plans for a rally in Glasgow were postponed because of the General Election in November 1935; but

²⁶ *Northern Times*, 16 January 1936, 7.

²⁷ L. Grant, *A New Deal for the Highlands*, (September 1935).

²⁸ NLS, Lachlan Grant MSS, Acc.12187, Vols. 8-13.

the delay until January 1936 did nothing to dampen the overwhelming success of the 'New Deal' gathering in the MacLellan Galleries in Sauchiehall Street, at which Hugh Quigley presented his, as yet, unpublished Highland Development Board paper to an obviously sympathetic audience. The meeting's success was confirmed by its resolution to create the 'Highland Development League', with the subsequent formation soon afterwards of many branches.²⁹

That 1935 General Election had already caused some controversy in the Highlands & Islands as T.B. Wilson-Ramsay had lost his parliamentary seat in the Western Isles to the Labour Party. The damage had been done primarily by the Scottish National Party's candidate Sir Alexander MacEwen who fought the seat, not so much on a 'Home Rule for Scotland' ticket, but more on a policy of separate government funding for the Western Isles. MacEwen's reasoning was that direct State support for the Isles would relieve the mainland Counties, Ross & Cromarty and Inverness-shire, of a major funding burden. Furthermore, Islands councillors would be relieved of attendance at Council meetings in distant Dingwall and Inverness towards the east side of the mainland. The Counties could use their own rateable income, while the government would take care of the greater costs of developing much needed services on the Islands. The SNP took 28.1% of the vote, mostly from Wilson-Ramsay, which allowed Labour's candidate, Malcolm MacMillan, a local Stornoway law student aged twenty two, to take the seat from the sitting National Liberal candidate.³⁰

By the spring of 1936, the government in Scotland appeared to be facing two potential political pressures - the possibility of the popularity of the Scottish National Party, reformed in 1934, gaining momentum, and the apparently more focused efforts of the Highland Development League achieving wider success. Was it these pressures which inspired the Secretary of State for Scotland, Sir Godfrey Collins, with the Scottish Commissioner for the Special Areas, Sir David Allan Hay, to exert influence on the Scottish National Development Council (an organisation originally inspired by Alexander MacEwen in 1931) to try and bring about some appropriate changes? By the early summer of 1936, the Council, still under the name 'Scottish National Development Council', announced that it had

²⁹ National Library of Scotland, Lachlan Grant MSS, Acc.12187, Vols. 8-13; C.M. Birnie, "New Deal" or raw deal? Public administration and economic development in the highlands of Scotland, 1929-39' (unpublished University of Edinburgh M.Sc. thesis, 2003), 38.

³⁰ *Stornoway Gazette*, 13 September, 1935, 5; and 22 November 1935, 5.

appointed its own 'Scottish Economic Committee' which would consider major economic questions affecting the whole of Scotland.³¹ Following the Council's summer Annual General Meeting, it was confirmed that their name had been amended to the 'Scottish Development Council'. There was also to be a reorganisation of the Council's sub-committees which would now be appointed by their new Scottish Economic Committee.³² The addition of a 'Highland' sub-committee was met with the comment,

That a sub-committee, appointed by a committee, set up by a self-appointed council and armed with incompatible terms of reference, should be put forward as a serious effort on the part of the government at remedying a desperate situation [in the Highlands] has a Gilbertian and frivolous flavour...

The same critic took the view that the 'Scottish (non-National) Development Council' had been inaugurated to counteract the Nationalist movement, 'in which perhaps it succeeded', and to counteract the Highland Development League.³³

In December 1936, after five years of petitioning and lobbying, the Highland MPs at last secured the opportunity to bring the Highlands & Islands' long-standing problems before the House of Commons, where their motion called upon the government to

formulate without delay, proposals designed to arrest depopulation and poverty among the remaining inhabitants of the Highlands & Islands whereby they may earn a decent livelihood.³⁴

Malcolm MacMillan's speech repeated many of the pleas of his predecessor relating to the desperate need for roads, stressing that on the islands, piers and harbours were the beginning and end of roads, and that their present state of decay

³¹ *Scotland*, Periodical of the Scottish National Development Council, Vol.2 No.2 Summer 1936.

³² *Scotland*, No.3 Autumn 1936, 36.

³³ Letter to *Scotsman* 29 September 1936 from George Scott Moncrieff, Temple, Midlothian, 22 September 1936.

³⁴ Hansard Vol.318, 16 December 1936 Col.2581.

had a lot to do with neglect by Councils and Government. Murdoch MacDonald, MP for Inverness, stressed the need for a vast increase in afforestation in the Highlands by the Forestry Commission, and backing up the concern for improved roads, he suggested that the government's original small local road subsidies were "right and just - until the advent of the motor car". He was adamant that the present cost of repairing damage caused by modern vehicles far outweighed the government's current meagre contributions, and he sought immediate government action to resolve the weighting allowances applied to roads in rural areas which now "militate against the poorer counties". He urged the Scottish Secretary "to give his mind" to the development of tourism and the benefits to the area in making the Highlands an attractive tourist destination.³⁵

This 'Highlands and Islands' debate came only eighteen months after the previous Scottish Secretary of State's rebuttal of Wilson-Ramsay's efforts to persuade the government into some specific 'Highland' action. How did the recently installed Secretary of State for Scotland, Walter Elliot cope with the present challenge? He had been Minister of Agriculture since 1931 before succeeding Godfrey Collins, and relied heavily on his detailed knowledge of agricultural trends in replying to the debate. He prefaced his comments with words which revealed much about the official government thinking,

I wish to refer to the great basic industry of the Highlands – agriculture – because without a flourishing agriculture all the tourists in the world will not save what we desire to save, the race itself. To have the race engaged in the tourist industry would not result in the Highlands which our forbears knew and they would not be the Highlands which we desire to preserve.³⁶

Elaborating on his subject – agriculture, the Scottish Secretary's evidence for an improvement in agriculture was to cite the rise in sheep prices since 1932 from 22s 3d to 28s 6d in 1936, and claim that,

³⁵ Hansard Vol.318 16 December 1936, Cols.2544-2547.

³⁶ Hansard Vol.318 16 December 1936, Cols.2579-2580.

The agricultural industry is of the greatest interest to the Highlands, but it cannot be maintained unless we are willing to pay the price. Unless the sheep pay, nobody will take over the deer forests and they will extend right down to the Lowlands. The only thing I am sorry for is that when we do bring forward practical proposals Hon. Members opposite vote against them as often as they can.³⁷

In essence, the new Scottish Secretary had little to offer the Highlands and Islands MPs. His speech had underlined the government's continuing stance of "preserving the Highlands our forbears (sic) knew", with a strict and almost exclusive emphasis on agriculture. There was no official recognition in his speech of the future prospects for forestry, tourism, fishing or hydro-power. Perhaps the government's latest delaying tactic was already set up? In his final comments he referred to the Scottish Development Council's 'Highlands Sub-Committee' which was now engaged on its investigations. He hoped that would bring forward far-reaching proposals, adding as his final comment,

The Government, which has taken such vigorous and drastic action to maintain the great industry of agriculture upon which the Highlands depend, will not shrink from equally vigorous and drastic action in extending and developing that and other industries, if it so recommended in a well-thought out plan by the Highlands Sub-Committee.³⁸

Only a year before, the Scottish Office's agricultural policy was being questioned in a more practical and direct way by a campaign organised in 1935 by Reverend Thomas M. Murchison, Church of Scotland minister at Glenelg, a parish on the far west mainland facing Skye. From his position in the Kirk at the heart of crofting life he had witnessed the increasing hardship caused to smallholders by the need to repay government loans dating back to the mid 1920s. Originally taken out by new smallholders to buy stock at a time of high agricultural costs, repayments for these loans had remained at the same high levels of 1924, while market prices

³⁷ Hansard Vol.318 16 December 1936, Cols.2580-2581.

³⁸ Hansard Vol.318 16 December 1936, Col.2581.

for sheep and cattle since then had fallen dramatically. Smallholders' revenue now fell far short of meeting this outstanding debt. Three years before in 1932, the government had agreed a period of grace during which stock loan repayments had been waived, and this concession was coming to an end. Murchison's campaign sought to extend the period of grace. In April 1935, the Secretary of State for Scotland, Godfrey Collins refused to assist, stating that the loans were "very favourable terms, considering the income generated by the smallholdings."³⁹ His comments only encouraged a further petitioning campaign by Murchison on behalf of the smallholders,⁴⁰ supported throughout the summer by Sir Murdoch MacDonald, MP for Inverness, who publicised the government's £3,000,000 subsidy to Beet growers, particularly in England, comparing it to the £314,000 "small change" advanced to the Scottish smallholders, which the MP suggested "could be easily wiped out".⁴¹ The period had coincided with publication of Grant's *New Deal for the Highlands*, and in the autumn a general election was announced. In November, the *Inverness Courier* was able to report 'a result for the Smallholders' financial difficulties' as the Secretary of State for Scotland had backed down and announced that the moratorium on loan repayments was to be extended for a further five years, effective from 15th November 1935.⁴²

During the course of his successful campaign, Murchison had presided over a meeting of his supporters in early August to create an organisation 'to be known as the Highland League'. Their intention was to formalise their current efforts on behalf of the smallholders and crofters in the Highlands, and to secure immediate improvements to land settlement policy and fisheries developments.⁴³ In creating the 'League', Murchison acknowledged that the smallholders' cause had been reinforced by Dr Lachlan Grant's work and especially his *New Deal* publication.⁴⁴ Murchison had apparently pre-empted the results of Grant's *New Deal* campaign, which had developed on a slower fuse since his earlier newspaper articles and Highland Society addresses in 1934.⁴⁵ Grant had sent copies of these to the Prime

³⁹ *Inverness Courier*, 26 April 1935, 5.

⁴⁰ *Inverness Courier*, 30 April 1935, 4.

⁴¹ *Inverness Courier*, 6 August 1935, 4.

⁴² Donald Meek, *Records of the Scottish Church History Society* 36 (2006) 5-27; *Inverness Courier*, 5 November 1935, 4.

⁴³ *Northern Times*, 8 August 1935.

⁴⁴ *Glasgow Weekly Herald*, 10 August 1935 in NLS, Lachlan Grant MSS, Acc.12187, Vol.7, 28.

⁴⁵ *Northern Times*, 1 and 13 March 1934.

Minister, Ramsay MacDonald, who had indicated some agreement with the ideas, replying, 'Any well advised schemes for social economic and cultural benefit of the Highlands will be received by me with the warmest sympathy.'⁴⁶ Encouraged by this, Grant duly sent Ramsay MacDonald a 'Memorandum' dated 10th October 1934 outlining his own ideas for Highland development, but which on this occasion did not receive the same priority, but merely a curt reply after three months to 'publish your Memorandum as you think fit'⁴⁷.

In March 1935, the Highland press printed Grant's article, *Wanted – A New Deal for the Highlands*⁴⁸. As one commentator put it, 'these are the days of 'New Deals' and our Highland protagonist is shaping one of his own'.⁴⁹ In his wide ranging pamphlet Grant's requirements for Highland development included surveys to ascertain the total acreage of cultivable land, with divisions into economic holdings; encouragement of the best methods of cultivation, an understanding of how agricultural earnings could be augmented by supplementary occupations; and provision of adequate transport. He wanted schools in remote areas to be provided with wireless sets, with a broadcasting station in the Highlands. 'Ancient crafts' would be included as a practical subject in schools. He sought sufficient grants for the costs of reconditioning the whole of Highland life to be spread over future years without modification by changes of government.⁵⁰ He repeated the list of business possibilities, as MacEwen and Quigley had done; but insisted that the State must find the money to repair the damage already done to the Highlands & Islands. The people had to be re-equipped, and re-educated with a modern knowledge of the potential of their own land.⁵¹ He also emphasised the historical point, previously used by Wilson-Ramsay MP, that it was time the British Government recognised the Highlanders' service to Britain and the Empire, which had not yet received the consideration it was due.⁵²

⁴⁶ NLS, Lachlan Grant MSS, Acc.12187, Vol.7, 116, and *Northern Times*, 13 March 1934, 4.

⁴⁷ NLS, Lachlan Grant MSS, Acc.12187/7/137.

⁴⁸ *Northern Times*, 28 March 1935, *Ross-shire Journal*, 5 April 1935, *Stornoway Gazette*, 20 April 1935.

⁴⁹ *Glasgow Weekly Herald*, 6 April 1935, 'Clan Notes' by 'Iona', in Lachlan Grant papers, Vol.7, 149. (In the USA, the term 'New Deal' had been applied to the Tennessee Valley Authority's major hydro-electric developments in the mid-1930s.)

⁵⁰ *Scotsman*, 10 December 1935, in Lachlan Grant MSS, Vol.8, 91.

⁵¹ Grant, *New Deal*, 13.

⁵² Grant, *New Deal*, 12.

These sentiments carried forward to the 'New Deal Rally' in the McLellan Galleries, Glasgow on 20th January 1936, and met with widespread approval in the hall.⁵³ Press reaction ranged from the *Daily Express's* 'War Declared on Whitehall', to the milder *Glasgow Weekly Herald's* 'No More Emigration'; while the *Courier Mail* of Brisbane, Australia explained to its readers that, 'The Scots for a hundred years have been so busy helping to build the British Empire that their own Highlands have been depopulated so heavily ...'.⁵⁴ During the Rally, a price of £2,000,000 per year for twenty years was put on the *New Deal* development required for the Highlands.⁵⁵ The Meeting was addressed by several activists including Lachlan Grant, and Angus Clark – Grant's brother-in-law who was a London based ex-President of the London Gaelic Society and recognised to have 'Nationalistic sympathies'.⁵⁶ Both Murchison and Quigley addressed the Rally which adopted the title 'The Highland Development League'. Malcolm MacMillan, Labour MP for the Western Isles was one of many who had sent telegrams of support, while the absence was noted of any acknowledgement of support from the three National Government Highland MPs, Sir Archibald Sinclair, Caithness, Frederick McQuiston, Argyll, and Sir Murdoch MacDonald, Inverness-shire.⁵⁷

By March 1936, the Highland Development League had held their first Council Meeting chaired by Grant, with two vice-chairmen, Sir Robert W. Brooke Bt. (ex leader of Ross-shire County Council) and Rev Thomas Murchison. The League sought to clarify their aims for the benefit of the general public and to encourage more support. Their agenda included an immediate survey of the Highlands & Islands' potential in agriculture and other industries; a campaign for rating reform; and improvements in transport, roads and piers. They proposed co-operation with the Sea League in their members' current efforts to close the Minch and the Moray Firth to large trawlers to preserve these fishing grounds for the benefit of inshore fishermen. The Sea League had been formed in 1933 at Castlebay on the lines of the old Land League, and sought to protect the interests of the local fishing communities of the North. It lent its support to the individuals and

⁵³ *Northern Times*, 23 January 1936, 4.

⁵⁴ *Daily Express*, 10 December 1935, *Glasgow Weekly Herald*, 4 January 1936, *Courier Mail*, 30 November 1935, all in Lachlan Grant MSS, Vol.8, 91, 99 and 127.

⁵⁵ *Stornoway Gazette*, 24 January 1936, in LG papers, Vol.8, 152-153.

⁵⁶ *Northern Times*, 23 January 1936, 7.

⁵⁷ *Northern Times*, 29 January 1935, 4 - 6.

public bodies who were petitioning the government to give more adequate protection to the west coast and islands' inshore fishermen, against the damage done to existing fishing stocks by large and sometimes foreign trawlers and their illegal activity in the seas around the north and west coasts. Inverness and Ross-shire County Councils supported not only the Sea League's calls for an extension of the prohibited fishing area, but also an increase in the penalties for a breach of the law, and the provision of more and faster government fishery cruisers.⁵⁸

The Highland Development League also deplored the fact that roads in the Hebrides were being constructed without payment of wages to local labour, seeking the same consideration for their workers as those on Clydeside and Thames-side. Other business included a letter received from Hugh F. Campbell, now an Advocate in Inverness and Dingwall, who had offered every council member a copy of his 1920 publication *Highland Reconstruction*, which lent a degree of continuity to the ongoing efforts to improve administration in the Highlands & Islands. Attention was drawn to the recent appointment by the Scottish National Development Council of their Economic Committee for Scotland, and the question asked of the Council, 'what this Committee proposed to do for the Highlands', in view of the 'the inadequate representation on the Committee of that large part of Scotland?'.⁵⁹ Was it the League's influence which had brought about the creation of the economic Committee's fifth sub-committee to 'consider ways and means to develop the Highlands & Islands of Scotland'? While welcoming this sub-committee's establishment, a few months later, the League expressed the generally held disappointment that this was not a Statutory Committee - that its terms of reference were not sufficient, nor its authority adequate to tackle directly the economic problems of the Highlands & Islands.⁶⁰ Neither would the government be obliged to adopt its recommendations as would have been the case had it been a Royal Commission. On the other hand, this was the same Committee which would "certainly receive the careful consideration of the Government", as the Scottish Secretary was to state in the House of Commons two months later on 10th December 1936.⁶¹

⁵⁸ *The Scotsman* 24 July 1933, 7; 1 August 1933, 7; and 5 April 1937, 10.

⁵⁹ *Northern Times*, 30 April 1936, 5.

⁶⁰ *Northern Times*, 24 September 1936, 6.

⁶¹ *Hansard*, Vol.318, 10 December 1936, Col.2581.

The Hilleary Report

Sir William Goodchild, C.M.G., Secretary-General of the Scottish Development Council's Scottish Economic Committee was also Secretary to the Highlands' Sub-Committee, and offered his own angle on the perceived Highland problem that,

The moment has now come, when the Highlands were rapidly integrating themselves with the rest of the country. How exactly that should be effected was a difficult matter.⁶²

His Highland Sub-committee was chaired by Edward Hilleary, a landowner from Skye. All the members of the Committee were well acquainted with the different aspects of life in the Highlands⁶³, and the Committee went about their business for almost two years, gathering their evidence and inviting others to contribute. The Committee was especially well served by their Assistant Secretary, Adam Collier, whose detailed research into the public finances of the Highland counties, and the role of government services in the lives of the people, was a major contribution to the final report. In examining the cost of financing local services from rates, and the expenditure incurred, Collier was able to show that expenditure had increased rapidly in recent times, and that the widening gap between expenditure and the inadequate rating revenue, had to be met by government grants. He highlighted the recurring problem of low rateable value coupled with sparse population and scattered services which were expensive to administer. His conclusion relating to government funded pensions, unemployment and National Health Insurance benefits, was that money spent in the Highlands & Islands was 'entirely compatible' with money received in other districts of the UK. However, based on figures from 1935, he calculated that the overall locally and centrally administered services which absorbed around £4,300,000, simply preserved the *status quo* for the Highlands & Islands and none of it was calculated to bring about

⁶² *Northern Times*, 24 February 1938, 5, reporting Goodchild's Address to an Edinburgh Business Club meeting.

⁶³ See Appendices – Chapter one Appendix (i) for the members of the Hilleary Committee.

redevelopment. This money amounted to subsistence payments to maintain a basic existence, rather than an investment to help with the future.⁶⁴

The Committee examined each Highland industry and the many other aspects of life in the Highlands & Islands, accepting additional evidence from interested parties, including the Highland Development League. Having been appointed in the summer of 1936, the Committee's report (also referred to as the 'Hilleary Report') was published in November 1938. The Committee's many urgent recommendations over a wide subject range – Communications, Water supplies and Drainage, Water Power, Marketing, Fishing, Agriculture, Tourist Traffic, Housing (including the squatting problem), and Administration – were welcomed, but at the same time there was regret at the lack of any bold constructive proposals.⁶⁵ In fact, the boldest proposal and main recommendation, which also attracted the most discussion and controversy, concerned administration by the appointment of a Highland Commissioner. Two years before, Hugh Quigley had put forward his suggestion for a Highland Development Board; but the Hilleary Committee, taking a lead from the already established Special Commissioners for specific industrial areas, felt there was a need for a Development Commissioner for the Highlands & Islands, responsible to the Secretary of State for Scotland, to take charge of the preliminary development work and investigations including a comprehensive survey of the area. The Committee recognised that the powers of the Special Area Commissioners did not provide an exact parallel; whereas Special Areas needed help for already congested populations to recover from depressed existing industries, the Highlands required totally new commercial activities for undeveloped areas; but they did recommend that the provisions of the Special Areas Reconstruction (Agreement) Act, 1936 could be extended to especially meet the urgent financial needs of the Highlands & Islands.⁶⁶

Reaction to the Hilleary Report was immediate and welcoming, especially among Highland MPs who had sought this outcome through their parliamentary efforts. There was general agreement that help for the Highlands & Islands was long overdue, but how was it to be administered? Not content with the Report's

⁶⁴ *The Highlands and Islands of Scotland, A Review of the Economic Conditions with Recommendations for Improvement*, (Scottish Economic Committee Publication, 1938), 159-171. See also Adam Collier, *The Crofting Problem* (Cambridge, 1953), 90-113.

⁶⁵ *Inverness Courier*, 29 November 1938, 4.

⁶⁶ *The Highlands and Islands of Scotland, Review* (1938), 29-31; R. H. Campbell, *The Scottish Office and Special Areas in the 1930s*, *The Historical Journal*, XXII, (1979).

recommendations for a Highland Commissioner, Sir Alexander MacEwen, with his experience as Inverness provost and Inverness county councillor, immediately published, in pamphlet form, his own ideas for the Highlands & Islands' future. He argued vehemently against a single Commissioner, and for his idea of a four person Highland Development Board, embellishing this with another eight chapters concerning the economic prospects for the area.⁶⁷ A Commissioner he suggested, would have 'too many terrifying responsibilities for one person' and his power and influence would be that of 'a virtual dictator'; adding that, 'development required continuity of policy which was unlikely with one person,' citing the fact that the Lowlands had recently had three Special Commissioners in four years. MacEwen wanted a ten year initial plan from which the longer term aims would develop. He drew on the recent experience of Newfoundland, where a Board of Commission had been operating on behalf of the British Government since 1933, and for whom a guaranteed government loan of £17,000,000 had been allocated for a population, similar to the Highlands & Islands, of only 289,000.⁶⁸ However, while Highland campaigners argued between a Commissioner and a Board, the government's considerations were more between the status quo and change. Unlike Newfoundland, which had been the subject of a Royal Commission, the Highland Committee had not been a statutory body, and as the Highland Development League had previously identified, there was no obligation upon the government to act upon the Committee's recommendations. Sir Alexander MacEwen had unwittingly provided the Scottish Office with their first argument against appointment of a Highland Commissioner. Having chosen to publicise his views in the popular publication the *Scots Magazine* under the title of "A Dictator for the Highlands?", he listed thirteen "multifarious duties" expected of "a saviour of the country – a man of genius and organising ability equipped with dictatorial powers".⁶⁹

The following month, in their consideration of the Hilleary Committee's recommendations, the Scottish Office simply attached MacEwen's article to their file, referring to it *verbatim* in their own report advising against the appointment of

⁶⁷ Alexander MacEwen and John Lorne Campbell, *Act Now for the Highlands* (Edinburgh, 1939).

⁶⁸ MacEwen, *Act Now*, 42.

⁶⁹ *Scots Magazine*, January 1939.

a Commissioner.⁷⁰ This internal report went on to emphasise the differences between the problems of existing Special Areas in the industrial regions, and those in the Highlands & Islands. But more significantly a clear assessment was that, a Commissioner or a Board “must inevitably have a relation to existing services which falls within the sphere of government departments, that is, there will be overlapping of duties.” The Hilleary Committee had sought a new authority which would be “unhampered by routine and other responsibilities.” The Scottish Office report’s view was that, like any government department, any new body would inevitably be controlled by Parliament, especially in respect of spending money, both before and after the money had been spent. A new Act would require that before doing the work of any other government department, the proposed Highland body would need to obtain authority from such a department. This had been the arrangement with the Special Areas Commission; but with a new Highland Commission the overlap of government activities in different departments would be even more than was the case with the Special Areas.⁷¹

The concept of any local initiatives being taken by a Highland Board was not one recognised by this government; but it was admitted that the idea of some form of special organisation for Highland affairs was not new, with the examples cited of ‘the Crofters Commission dealing with Land Tenure in 1887, (sic) followed by the Board of Agriculture 1911, and the Land Court.’ The observation was made that the functions of the Congested Districts Board of 1897 (CDB) bore a remarkable resemblance to the objectives of the Hilleary Committee [1939], and that generally speaking, these were now discharged by the Department of Agriculture and, “It would therefore be a reversal of policy to set up again a special organisation.”⁷² The government’s implication would appear to have been that legislation drawn up forty years before was still relevant in the present day. But to take only one of the CDB listed functions, that of “aiding piers, boat-slips, public roads and bridges”, it is clear that technology and transport had developed apace over this period, and the communication requirements of the Highlands & Islands had far outgrown the facilities of the late nineteenth century. Furthermore, a few years earlier in 1935, T. B. Wilson-Ramsay MP had been told that the Department

⁷⁰ NAS DD15/5/29, Highlands & Islands Report – Highland Development Commissioner, by Sir Horace Hamilton, K.C.B., Scottish Office, 1 February 1939.

⁷¹ NAS DD15/5/29, Highlands & Islands Report, paragraphs 2-3.

⁷² NAS DD15/5/29, para 5.

of Agriculture's Land Settlement budget could only cater for footpaths, and could not be used to provide modern roads, while the Ministry of Transport continued to abide by the principle that County Councils must contribute half the cost of new road construction – finance which Highland counties had great difficulty in generating. This was one of the fundamental problems which had prompted a Highlands & Islands Committee in the first place, but this government report appeared to be oblivious to the difficult practical realities facing the Highland area, seeing the problems only as they affected Whitehall administration.

Penultimately, the report suggested that for the activities of the proposed Commissioner - Agriculture, Fisheries, Forestry, Communications, Water and Drainage, and Education - the machinery already existed in government to deal with them, and,

It cannot be seen why there is any necessity for the appointment of either a Commissioner or a Board; or why indeed the handling of new government measures for the benefit of the Highlands should be taken out of the hands of the various Scottish Departments.⁷³

However, the final paragraphs did pose the alternative view that,

If the proposal for a Commissioner is rejected, the question remains whether any steps can be taken to facilitate the consideration of Highland problems by the Government. There is no distinctive organ of government dealing with Highland affairs exclusively or as a whole.

The report went on to accept that busy Government departments may have tended in the past to overlook the special needs of the North, and that the Government had within it no permanent body to which the Government could turn for advice. In these circumstances, the conclusion was that consideration might be given by the Secretary of State for Scotland, to the appointment of a 'Highlands & Islands Advisory Council' to represent the various aspects of Highland life which came

⁷³ NAS DD15/5/29, Highlands & Islands Report, para 10.

within the responsibility of Government. Some brief suggestions as to composition and function of such a Council brought this, eventually, rather contradictory review of the Hilleary Report to a close, and copies were immediately distributed around government departments for further comment.⁷⁴ A representative of the Ministry of Transport who replied, found himself “very much in agreement with it”, finding it “difficult to see what real value could be obtained from the proposed Commissioner appointment.”⁷⁵

Aftermath of ‘Hilleary’

By early February 1938, therefore, it would appear that the government’s response to the key recommendation of the Hilleary Report was decided - there was no intention of appointing any supervisory or administrative power in the form of a Highland Commissioner or a Board. Notwithstanding, the Secretary of State for Scotland, John Colville continued to entertain the opinions of Highland delegations to Westminster during February. Highland County Councils expressed their doubts about the suggested Commissioner, and the Secretary of State was able to reassure them there would be further consultation. Otherwise, Colville played down expectations with, “recommendations [had been] very wide; times were hard and too much must not be expected immediately; [but he] certainly felt bound to give the recommendations most sympathetic consideration.”⁷⁶ The Highland Development League deputation, also representing the Highland County and Clan Associations and the Scottish Agricultural Society, simply pressed the Secretary of State to implement the Hilleary Report’s recommendations, with their final plea being put by Thomas Murchison, that,

it was almost too late to help the Highlands & Islands – the more delay the more expensive help will be – the Report gives a new start. The recommendations would cost a lot, but much of the money being spent already was being wasted through lack of co-ordination – some aspects of the Report could be challenged, but a

⁷⁴ NAS DD15/5/29, para 11.

⁷⁵ NAS DD15/5/29, Letter, 8 February 1939 Leonard Browett of the Ministry of Transport to Sir Horace Hamilton, KCB of the Scottish Office, commenting on Hamilton’s review of the Highland Sub-Committee’s recommendations.

⁷⁶ NAS DD15/5/27, Minutes of meeting on 8 February 1939, between Highland County Councillors and the Secretary of State for Scotland, John Colville.

basic comprehensive plan should be carried out – the money spent would be well repaid in human values.⁷⁷

To these lobbying exercises by the various Highland interests, there was a significant lack of response from the government, either to the delegations or in public. Whereas the appointment of the Highland Sub-Committee two years before, was seen as a bold and positive move towards helping the Highlands & Islands, the reality of dealing with its recommendations, created problems for the government. For John Colville, the Secretary of State for Scotland there was also, perhaps, a degree of embarrassment, for it was he, as Under-Secretary of State for Scotland in October 1936, who had looked forward to the Committee's 'specific knowledge and experience ... [producing] a Report that will give both inspiration and guidance to the solution of a great economic problem, vital to Scotland's welfare.'⁷⁸ The common thread in all the discussions with the interested delegations was that many matters were raised, but conclusions were never reached, except for the final reassurance that, 'the Report would not be pigeon-holed and would receive [Colville's] most sympathetic consideration, but that it was first necessary to obtain the whole picture before any action could be taken.'⁷⁹ Despite the pressure groups, and further correspondence from the Highland Development League which was ignored,⁸⁰ the report compiled for the government in February 1939 would be forming the basis of the Scottish Office's action, if any, towards the Highlands & Islands, with recent news suggesting that only a minimal selection of Highland Sub-Committee recommendations would be announced before the parliamentary recess in August.

After eight months' pontification over the Hilleary Report there was an element of surprise in the manner of the Scottish Secretary's announcement to parliament of his intentions for the Highlands & Islands. When the normal

⁷⁷ NAS DD15/5/26, Minutes of meeting on 9 February 1939, between Angus Clark, Rev T.M. Murchison, Malcolm MacLeod and Donald MacKay for the Highland Development League and Secretary of State for Scotland John Colville, and Messrs Rose, Handford, de Wattville, Cunningham, McNicoll, Johnson and Bell for the Scottish Office.

⁷⁸ *Northern Times*, 27 July 1939, quoting from issue No.1 of the Highland Development League's *Highland Newsletter*.

⁷⁹ NAS DD15/5/26, Minutes of meeting on 9 February 1939.

⁸⁰ NAS DD15/5/26, Letter 29 June 1939, from the Highland Development League to Malcolm MacDonald MP, with correspondence from the Scottish Office suggesting no reply - 'letter to rest on the acknowledgement.'

afternoon 'Oral Questions and Answers' Session continued to its conclusion the Secretary of State for Scotland, John Colville, rose to make his 'promised statement to the House'.⁸¹ In the ensuing hubbub, Ernest Thurtle, MP for Shoreditch, raised a point of Order objecting to Colville's erroneous parliamentary procedure; but the Speaker advised Thurtle that the statement would proceed, 'for the convenience of the House'.⁸² In this way, no questions could be asked of the Scottish Secretary, and no debate on the topic would follow, thus avoiding the derision from Scottish MPs which would inevitably have greeted the limited measures with which the Scottish Office and the government had agreed to proceed.

A defensive Colville prefaced his Highlands & Islands statement with the fact that he had to bear fully in mind the present exceptional circumstances of the country [potentially at war], and that much was already being done by the government and the local authorities for the Highlands & Islands. Having assured the House that he did "appreciate the special problems of the areas", he announced the government's "further measures to help them." He did not want to create any new government machinery, and was not therefore proceeding with the proposal of a Highland Commissioner, which would require "new legislation and considerable staff, [whose] functions would in many respects overlap those of existing departments." Instead, he proposed to hold regular conferences with the departments concerned in order to review the situation. (Nothing was said about a Special Advisory Council.) He announced his "measures" under nine headings:-

- i) The annual budget for Roads and Piers would be doubled to £60,000 for a five year period, thus making available £300,000 in total. ii) Land Improvement would benefit by extension of the existing scheme to eradicate bracken, with further assistance towards land drainage and use of fertilisers. iii) The recommendation for a Central Marketing Agency for the Highlands & Islands would be met by extending the efforts of the existing Scottish Agricultural Organisation Society to the Highlands. iv) For better Veterinary Services, local authorities would

⁸¹ Hansard 1938-39, Vol.350, 17 July to 4 August, Scotland (Highlands and Islands Development) Col.2171-2174.

⁸² Hansard Cols.2174-2175.

be asked to consider extensions of existing services with assistance from public funds. v) Lobster Fishermen would be assisted by favourable loans for the acquisition of new boats or engines, along with “improved distribution of suitable handbooks on methods of storing, packeting and marketing”. vi) Thanks to Lord Abinger’s generosity, Inverlochy Castle would be used as an Agricultural Training centre with provision for demonstration crofts. vii) Mr Colville “hoped to arrange” for some reduction on Freight Charges with steamer contractors – on fish, feeding stuffs and fertilisers. viii) He also proposed to assist the Scottish Country Industries Development Trust to make a survey for organised marketing and instruction in Handicrafts, and help them with their subsequent arrangements. ix) For Forestry, he simply stated that the Forestry Commission was to persevere with their experiments to open up further productive development.⁸³

These proposals were the total of the government’s reaction to the two years’ work of the Highland Sub-Committee, although Colville explained that these were supplementary to existing measures, designed to facilitate and encourage enterprise in the Highlands & Islands, and suggested there would be a further review after five years. He estimated the total additional cost to be £65,000 per year, providing £325,000 for the longer term. But as £300,000 of that sum was going towards Roads and Piers, there was only £25,000 left for the remaining proposals. Critics could also argue that by comparison, Newfoundland, previously referred to by Hugh Quigley and Alexander MacEwen, had been mentioned coincidentally in the first part of the day’s parliamentary business, ‘Oral Questions’. The Dominions Secretary, Malcolm MacDonald, also MP for the Highland constituency of Ross & Cromarty, had confirmed his approval to extend Newfoundland’s reconstruction programme, announcing that ‘the additional sum of \$3,000,000, double the provision of last year, had been allocated for this purpose in the estimates for 1939-40’.⁸⁴ This sum was in addition to the £17,000,000 spent since 1933, highlighted

⁸³ James Hunter, *The Claim of Crofting The Scottish Highlands & Islands, 1930-1990* (Edinburgh, 1991) pp42-47.

⁸⁴ Hansard Vol.350, 1 August 1939, Oral Answers Col. 2125.

previously by Alexander MacEwen. It was circumstances such as these which underlined Robert Boothby's comment to the House of Commons two years before when he suggested, "I have often felt that if we in Scotland were only a Dominion – which we perhaps we will be one day – our resources would have been developed many years ago."⁸⁵

Following Colville's procedural tactics in the House of Commons on 1st August, a further 'Commons tactic' followed on the last day of parliament before the Summer Recess. The final hour of debate was allocated to 'Highlands and Islands', and two National Government MPs, Murdoch MacDonald and Frederick MacQuiston ensured most of that time was wasted.⁸⁶ It was left to Malcolm MacMillan, to bring some purpose to the debate, to speak briefly in support of the proposals which had been presented by Colville, and generally welcome his limited programme - he did not want a 'non democratic over-ruling Commissioner running the whole of the Islands, and Highlands', adding however, that,

Local Authorities must not be allowed to shirk their responsibilities. But they cannot be expected to undertake the reconstruction of this wide area and deal with its longstanding and difficult problems until the Secretary of State and the Government agree that it is worth while to provide the finance.⁸⁷

Colville stressed the background of the country's present financial situation against which his proposals were made. He defended his position by saying that with a population of around 290,000, a seventh of that of Scotland, the seven Crofting Counties had much more State money being spent on them, per head of population, than elsewhere; and followed up with a list of recent Highland spending and comparative percentages. Quoting figures for "seven" crofting counties was a useful way for the government to boost the complexion of their spending figures, as this included Argyll, Orkney and Shetland: whereas the greatest problems of alleged distress, lack of roads and communications, sparsity of population and the difficulties of inadequate rateable income arose in the four counties of Caithness,

⁸⁵ Hansard Vol.321, 10 March 1937, Col.1258/9.

⁸⁶ Hansard Vol.350, 17 July to 4 August 1939, Cols.2906-2915.

⁸⁷ Hansard Vol.350, Cols.2915-2918.

Sutherland, Ross & Cromarty and Inverness-shire – the last two also having to concern themselves with the extremes of the relative isolation of their own portions of the Western Isles. While the government could be accused of applying their spending figures loosely across seven counties to put their efforts in a better light, the Scottish Secretary's final comment was to suggest, "there is a good deal of loose speaking as to what can be done to rehabilitate the Highlands & Islands", and added,

We must work within the conditions in the Highlands for which certain employment only is suitable, and do our best to stimulate enterprises which would give that employment. It is with that end in view that the supplementary programme has been undertaken, towards helping the kind of enterprises in the Highlands which can be developed.

He emphasised the benefits which would arise from each of his stated proposals, and while not adopting the appointment of a Commissioner or a Commission, he repeated his intentions to hold regular conferences with those government Departments concerned with Highlands & Islands business "to help make more fruitful the many measures which the Government are taking for the development of the Highlands' resources".⁸⁸

Reactions to John Colville's 'Highlands Statement' fell into two camps. One took the view that the government should, at long last, have taken up all the recommendations of the Highland Sub-Committee, and allowed investment in a new infrastructure for the Highlands & Islands to compensate for the many years of neglect. They were now distraught at the meanness of His Majesty's government and the 'niggardly' treatment, yet again, of Scotland and particularly the Highlands & Islands. Supporters of the Highland Development League of course, were in this camp with their leader Dr Lachlan Grant barely able to disguise his anger in his press contributions within a week of the parliamentary recess. Typical was his, at first, controlled comment in the *Northern Times*,

⁸⁸ Hansard Vol.350, Cols.2918-2922.

In common with many others I had cherished the hope that at the eleventh hour our Southern Rulers would make amends for their past indifference and neglect, by deciding in favour of a bold and generous measure of Highland Reconstruction.

However, this supposedly reasonable apolitical leader's vocabulary took on an avowedly nationalist tone as he proceeded with,

... [this] is crushing proof of the folly of expecting justice, while we remain a Subordinate English Province. Mr Colville's statement is a miserable and contemptible piece of window dressing which will deceive nobody. ... No longer must the welfare of our land depend on the whim of the Civil Servants of Whitehall or the decisions of the English Treasury. In our hands must be the administration of our country and the control of our own purse; therefore let the drab and dreary flags of party politics be rolled up, while we rally with enthusiasm under the Banner of Scottish Self Determination, which times and events have shown and continue to show as the one and only way to our National Salvation.⁸⁹

He suggested that the Highlands & Islands had been subjected to an even greater insult than the cruel neglect which had created their economic problem. He called this "Colonel Colville's pronouncement", saying that the annual £65,000 for 5 years was "Imperial Britain's valuation of our worth and enterprise. Does any Highlander not surge with righteous indignation?" Another League member, John Bannerman, a Liberal, had suggested, "It might as well be £65 for all the effect such a ridiculous amount will have when expended on the reconstruction of the Highlands."⁹⁰ The official Scottish Nationalist, Sir Alexander MacEwen, president of the Party, attended demonstrations at Fort William and Inverness. Here the government's proposals were condemned as inadequate and paltry, showing a

⁸⁹ *Northern Times*, 10 August 1939, 4.

⁹⁰ *Northern Times*, 10 August 1939, 5.

complete lack of interest in vital Scottish affairs, and there were calls for Highland MPs to resign their seats to put their case to the popular vote in by-elections. In his own speech MacEwen qualified these sentiments saying, "I do not blame Mr Colville personally – he has shown more interest and sympathy than many of his predecessors. I am personally grateful for the bridge over the south ford to Benbecula." MacEwen ungraciously criticised the Crofters and Smallholders Association who had expressed support for the government's action as most of their demands had been granted. "They must have piped to a very small tune," suggested MacEwen. "When I tell you that the Secretary of the Crofters' Association is also an agent for the Unionist Party in the county, need I say more?"⁹¹

In fact the Crofters and Smallholders Association were typical of those in the second camp who accepted the government's limited action. They took public exception to MacEwen's comments, and explained the satisfactory results which would now occur following their own meeting with the Secretary of State. For example, the crofters had specifically raised the problem of subsidised veterinary charges for crofters, to which Mr Colville had referred in his statement, and "it would be inconsistent to condemn the government policy, while at the same time expressing satisfaction with the measures of help given to the crofters, and the assurance of favourable consideration to the matters raised."⁹² Many others in the second camp could sympathise with Malcolm MacMillan's reaction, expressed in his speech to parliament, supportive of John Colville. They were thankful for some limited assistance, and accepted that the Treasury could not afford extra expenditure for the Highlands & Islands, because of "the acute anxiety of the threat of war hanging ominously over Europe, and all Britain's resources being devoted to preparations for national defence".⁹³ Two local newspaper editors joined this pro-government view. The *Northern Times* did not share their columnist Lachlan Grant's opinions, saying, "It is true the government development scheme is not on the scale expected, yet genuine workers for the cause will go forward." The editor refuted the SNP's comments with,

⁹¹ *Inverness Courier*, 15 August 1939, 6.

⁹² *Inverness Courier*, 18 August 1939, 5.

⁹³ *Inverness Courier*, 4 August 1939, 4.

[We] don't want by-elections after Highland MPs resign their seats ... It would give an opportunity for lawyers who are nationalist candidates to spout, and that would be the end of it ... Scottish constituencies do not welcome lawyers as candidates,"⁹⁴

– a pointed criticism of Sir Alexander MacEwen. The *Inverness Courier* made its judgement against the background of preparations for national defence, stating that “only the most bigoted of people would dare pretend that national security is less important than the reconstruction of the Highlands”. The *Courier* did not support the present government, but felt it was grossly unfair to level the charge at Colville and the government of neglecting the Highlands. Indeed, the newspaper sided with the Crofters' Association, suggesting they had more reason than anybody else to condemn the government as they had not been directly represented on the Highland Sub-committee. The editor added bluntly,

We are sick to death of those ‘champions’ of the Highlands who are always complaining about the amount of money spent on the Highlands. They are merely antagonising the rest of the country who are beginning to imagine that only colossal subsidies from the State can save the Highland people from extinction.⁹⁵

The crofters were congratulated by the *Courier* for “not siding with the self-confessed champions, and displaying the real Highland spirit when it is badly needed.” Emphasising the divide between the two camps, a meeting of the Crofters' Association passed a motion that while giving their moral support to the Highland Development League they noted that “the League's founder [Lachlan Grant] had declared himself in favour of Scottish Nationalism”. As the Crofters' Association was ‘the most democratic body in Scotland’ it was stressed that their support for the League must be ‘only moral’, and ‘the Association should not commit itself to any political opinions’.⁹⁶

⁹⁴ *Northern Times*, 17 August 1939, 4.

⁹⁵ *Inverness Courier*, 4 August 1939, 4.

⁹⁶ *Inverness Courier*, 8 August 1939, 4 and 5.

1940s and Hydro-electricity

As the Highlands' 'Hilleary' arguments died down so the political emphasis in the country turned to the crisis in Europe, and defence of the United Kingdom over the next five years. However, one subject which remained to the fore throughout the war years was the possibility of advancing the development of hydro electricity. Since the turn of the century, experimental initiatives in producing electrical power had progressed at suitable Highland locations.⁹⁷ Notably by the British Aluminium Company, founded in 1894, which pioneered their operations at Falls of Foyers on the east shore of Loch Ness before completing their hydro powered manufacturing plant at Kinlochleven in 1909 and Fort William in 1929. The 1930s brought three considerable efforts by the Caledonian Power Company to obtain the approval of parliament for their hydro power ambitions, but these were defeated on each occasion. They were outvoted by majorities representing the coal lobby, a Welsh lobby, and Highland land owners all wishing to preserve their own interests, and others who agreed with Tom Johnston MP, that 'it was wrong to transfer the great national resources of our country to private corporations for the purposes of [their financial] gain.'⁹⁸ Another Bill, in 1941 for the Grampian Electrical Supply Company was also rejected by parliament, when Tom Johnston, now the Secretary of State for Scotland, again decried the wisdom of 'conferring valuable natural resources upon a private corporation.' His further comments possibly betrayed his future intentions as he suggested that further corporate interest in hydro power schemes might [tie] the hands of the Government when the whole question of regionalisation and ownership of hydro-electricity came to be considered?

If we confer these powers now, we mortgage the future. We mortgage the water forces of two glens and do so for nothing. We are doing it in advance of any possible operational necessity.⁹⁹

⁹⁷ P. L. Payne *The Hydro, A study of the Development of the Major Hydro-Electric Schemes undertaken by the North of Scotland Hydro-Electric Board* (Aberdeen, 1988) Chapters 2-5.

⁹⁸ Hansard Vol. 334 6 April 1938 cols 467-471; Payne, 'The Hydro', 30-32; C.M. Birnie, "'New Deal" or raw deal? Public administration and economic development in the highlands of Scotland, 1929-39' (unpublished University of Edinburgh, M.Sc. thesis, 2003), 56-59.

⁹⁹ Hansard Vol. 374 10 September 1941 col 237.

More succinct were the words of another MP in the same debate. 'If the water power resources of the Highlands are ever to be developed in the interests of the nation ... the State will have to tackle the job.'¹⁰⁰

Soon after this latest hydro-power debate Tom Johnston held the first meeting of his 'Scottish Advisory Council of ex-Secretaries' [of State for Scotland], the intention of which was for these experienced Scottish statesmen to 'consider Scotland's post war problems, set up enquiries as necessary (deciding their priority) and survey the results'. Their first considerations were directed at 'the further development of hydro-electricity in Scotland'.¹⁰¹ The recent Commons debate had also prompted Lord Cooper to appraise his friend, the Secretary of State, with some 'guidance on one or two points of recent electrical history' which could have a material bearing on his plans for post-war hydro-electric development.¹⁰² The extensive detail contained in this correspondence, relating to hydro-electric developments since 1918, confirms Lord Cooper's expansive knowledge of the subject, and would explain why he was invited to chair an inquiry into the matter – the Cooper Committee being appointed by Tom Johnston the following month, 27th October 1941 to consider [and report on]

the practicability and desirability of further developments in the use of water power in Scotland for the generation of electricity; ... and by what type of authority such developments ... should be undertaken ... having regard to the interests of the local population and to considerations of amenity.¹⁰³

Essentially the Cooper Report, on its own admission, built upon the extensive explorations of the possibilities of hydro power in Scotland provided by four previous investigations, the most recent of which had formed chapter 13 of the Hilleary Report in 1938.¹⁰⁴ The new report now made specific reference to

¹⁰⁰ *Hansard* Vol. 374 10 September 1941 col 255 John Leslie MP, Sedgefield.

¹⁰¹ Payne, 'The Hydro', 38. Also known as the 'Council of State', the members were Lord Alness, Sir Archibald Sinclair, Walter Elliot, Sir John Colville, and Ernest Brown.

¹⁰² NAS DD11/18 Letter 11 September 1941 TMC [Lord Cooper] to Tom Johnson.

¹⁰³ Payne 'The Hydro', 38-39; R.H. Campbell, The Committee of Ex-Secretaries of State for Scotland and Industrial Policy, *Scottish Industrial History*, Vol.2 nos.2&3, Autumn 1979, 3-4.

¹⁰⁴ Water Power Resources Committee (1921), the Weir Committee (1925), the McGowan Committee (1936 and the Hilleary Committee (1938); Payne, 'The Hydro', 38-45.

servicing 'The Remoter Rural Areas', not only outlining the difficulties involved, but also suggesting the means to overcome them. Included in the nine final recommendations were three 'primary objectives':-

- (a) to attract to the Highlands through the offer of cheap and abundant power, a share in the vital and expanding electro-chemical and electro-metallurgical industries;
- (b) to develop such further power as may be required for the consumers of existing undertakings or for consumers in its own distribution area, the surplus being exported to the grid; and
- (c) to develop on an experimental and demonstrational basis isolated schemes in isolated areas.¹⁰⁵

These sentiments were echoed by Tom Johnston in the following Commons debate when he particularly highlighted that any profits derived from sale of power to 'the grid' were to be used for reducing distribution costs and for developing new production and distribution schemes in remote areas. He particularly quoted the words of the Hydro Bill which 'enjoined' the Hydro Board to

collaborate in the carrying out of any measures for the economic development and social improvement of the North of Scotland District or any part thereof.¹⁰⁶

It was hoped that this paragraph, later referred to as 'the social clause', would emphasise and encourage the Hydro Board's role to assist future rehabilitation of the northern territories. In effect, it also played a crucial role in 'development' discussions at the Scottish Office twenty years later.¹⁰⁷ In expressing his hopes for the future, Tom Johnston believed the application of this Bill's principles was the first step in planning for the regeneration of the Highlands of Scotland. It would give considerable employment direct and indirect, in coal, iron, steel, cable

¹⁰⁵ [Government] Reports from Commissioners...and Others: (1.) 11 November 1942 - 23 November 1943 Vol.IV Report of the Committee on Hydro-Electric Development in Scotland, December 1942, Cmd.6406, pp.22, 23 and 26.

¹⁰⁶ *Hansard* Vol. 387 24 February 1943 cols.184/185.

¹⁰⁷ These discussions are featured in chapter 3.

making, electrical engineering, cement, house and civil building works and contracting. He estimated that on the basis of the experience of the Central Electricity Board, the operations of the Board, on a proposed expenditure of £30,000,000, should provide around 10,000 jobs for a number of years. In its train the Bill would bring better placing and location of industry. It would provide amenities for the Highland population which would otherwise be denied them.¹⁰⁸

It was the MP for the Western Isles, Malcolm MacMillan who 'very wholeheartedly' offered 'a prayer of thanks' to the Secretary of State in his achievement to persuade the Treasury to guarantee the Hydro development scheme with the sum of £30,000,000.¹⁰⁹ Only four years before, following the Hilleary recommendations, 'Imperial Britain's valuation of our worth and enterprise' had amounted to approximately £300,000 over five years,¹¹⁰ which perhaps goes some way to emphasise the comparative influence and achievement Tom Johnston brought to the role of Secretary of State for Scotland. The Hydro-Electric (Development) Act was passed by parliament in August 1943. Lord Airlie was 'privileged to have been offered' the Chairmanship of the newly created North of Scotland Hydro-Electric Board soon afterwards.¹¹¹

'Highland Panel' – a trigger for the future?

In January 1945, towards the end of war-time, the government's Regional Distribution of Industry Panel was expressing concern for 'the Highlands in general and for Stornoway in particular'. It had been suggested that freight was a particular difficulty there, instancing that 'the cost for transport to Stornoway was as much as to New York and back'. The position was 'so serious as to warrant detailed investigation', and the chairman suggested that their Research Committee be asked to undertake such a task. Further, the preference was for a 'special committee to be set up, as the problem would involve many government departments not represented on the Research Committee'.¹¹² Indeed, this suggestion mirrored the final recommendation of the Hilleary Report in 1939 that,

¹⁰⁸ *Hansard* Vol. 387 24 February 1943 col.194.

¹⁰⁹ *Hansard* Vol. 387 24 February 1943 col.247.

¹¹⁰ *Northern Times*, 10 August 1939, 5.

¹¹¹ Payne, *The Hydro*, Ch 4, 50.

¹¹² NAS ED33/12 Minutes of the 28th Meeting of the Regional Distribution of Industry Panel, 25 January 1945.

busy Government departments may have tended in the past to overlook the special needs of the North, [and that there was] no distinctive organ of government dealing with Highland affairs exclusively or as a whole,

leading to the suggestion that “consideration might be given by the Secretary of State for Scotland, to the appointment of a ‘Highlands & Islands Advisory Council’ to represent the various aspects of Highland life which came within the responsibility of Government.”¹¹³ Over the following months of 1945, with the post-war Labour government having been elected, ideas were exchanged around the possibility of a ‘Local Planning Committee for the Highlands’. By June 1946, the term ‘Highland Advisory Committee’ had been coined, with the possibility of such a body being constituted by the Scottish Council (Development & Industry) acting in consultation with the Secretary of State for Scotland. A draft Constitution was prepared including the recommendation of individuals for ‘chairman’, such as Malcolm MacMillan MP for the Western Isles and John Cameron (late of the Land Court), along with a possible membership list of another twenty six names.¹¹⁴ Concern continued over the summer for the ‘Economic Position of the Islands of Lewis and Harris’ through discussions at the Distribution of Industry Sub-Committee,¹¹⁵ and by autumn 1946 ‘Heads of Departments’ at St Andrew’s House were discussing the ‘Proposed Highland Panel’. The chairman of the Scottish Council (Development & Industry) had corresponded with the Secretary of State Joseph Westwood suggesting that ‘any proposed Committee set-up should be closely associated with his Council, and to make it acceptable to Highland opinion it should include the chairman of the Reconstruction Committee of the Highland Local Authorities. However, the Secretary of State felt that an Advisory Panel for the Highlands and Islands should be appointed by himself, although it would be his intention to work in close association with the Scottish Council. The terms of reference of this Government Panel might be –

¹¹³ NAS DD15/5/29, Highlands & Islands Report – Highland Development Commissioner, by Sir Horace Hamilton, K.C.B., Scottish Office, 1 February 1939, paragraph 11.

¹¹⁴ NAS ED33/12 Various correspondence and a first draft of a ‘Constitution’ dated 24-29 June 1946.

¹¹⁵ NAS ED33/12 Lord President’s Committee, Distribution of Industry Committee, 4 July 1946.

To advise the Secretary of State on the carrying out of concerted plans by Government Departments, Local Authorities and other public bodies for promoting the best economic use of resources and capacity in the Highlands and Islands.¹¹⁶

The following month at another 'Heads of Departments' meeting, preparations were afoot for the announcement of a Highlands and Islands Advisory Panel to be chaired by Malcolm MacMillan MP for the Western Isles, the membership of which would reflect,

Representatives of Parliamentary Parties;
One representative of each County Council; and
Other Members having personal experience of the problems of the areas.

The secretary to the Panel would be Matthew Campbell of the Department of Agriculture for Scotland, assisted by R.H. Law, Scottish Home Department and T.V. Hughson, Department of Health for Scotland.¹¹⁷ Invitations to serve on the Panel were sent to The Hon Robert Bruce; John Cameron, Sheriff of Inverness; James Grant, Editor of *The Stornoway Gazette*; Baillie Kennedy, Stornoway; J.D. MacDonald, Inverness; Dr I.H. McIver, Fort William; Donald MacPherson, Inverness; Hugh Marwick, former Director of Education, Kirkwall; Naomi Mitchison, Carradale; and Major Stirling of Fairburn.¹¹⁸ The Panel's first meeting was 24th January 1947, after which a 'general statement of the work of Departments principally concerned in the Highlands & Islands' was defined under twelve headings –

Communications;	Natural Resources;
Agriculture;	Crofter Industries and Handicrafts;
Forestry;	Health Services;
Hydro Electricity;	Water Supply & Drainage;

¹¹⁶ NAS ED33/12 Meeting of Heads of Departments at St Andrew's House 17 October 1946.

¹¹⁷ NAS ED33/12 Meeting of Heads of Departments at St Andrew's House 4 November 1946.

¹¹⁸ NAS ED33/12 Scottish Office's proposed list of personnel dated 20 November 1946.

National Parks;
Tourist Industry;

Housing;
Technical Education¹¹⁹

The Scottish government's 'after-thoughts' arising from the Hilleary Report in February 1939 including, "There is no distinctive organ of government dealing with Highland affairs exclusively or as a whole," which led to the conclusion that in these circumstances, "consideration might be given by the Secretary of State for Scotland, to the appointment of a 'Highlands & Islands Advisory Council' to represent the various aspects of Highland life which came within the responsibility of Government",¹²⁰ had finally come to fruition with the creation of the Highlands and Islands Advisory Panel, eight years later. Its chairman and members would have no particular authority relating to 'Highland problems', only the ability to consider and investigate those problems, meet regularly with senior Scottish Office staff and offer the Panel's considered advices to St Andrew's House.

¹¹⁹ NAS ED33/12; APH(47)5, The Scottish Office's 'General Statement of the work of Departments principally concerned with the Highlands and Islands', 7 February 1947.

¹²⁰ NAS DD15/5/29, Highlands & Islands Report – Highland Development Commissioner, by Sir Horace Hamilton, K.C.B., Scottish Office, 1 February 1939, paragraph 11.

CHAPTER TWO

‘A snare and a delusion’?

The Emergence of The Highland Fund Ltd., 1952 - 1958

The Problem

Attempts to resolve the Highland problem since the second half of the nineteenth century had generally been approached from the top down. In the early twentieth century as proposed remedies proved to be insufficient, official encouragement of emigration and a need for wartime recruitment played a major part in reducing the Highlands and Islands’ population. This was at a time when official action to resolve the inherent problems of distance from the more populated and developing areas of the British Isles might have been a better investment for the future of the Highlands. Lack of people meant a lack of immediately available wealth or wealth creation. Government was always the first port of call for the means to improve the standard of living in Scotland’s northerly and westerly open spaces; but distant officials, whether in Central Scotland or South East England, while expressing much sympathy for the plight of the Highlands, were reluctant to amend suitably urban legislation to the very different requirements for those areas where people chose to remain in their traditional environment. The example in the 1930s of the government’s willingness to spend money on unemployment benefits in the Western Isles, rather than channel their expenditure towards building basic roads capable of carrying modern motor vehicles, has already been mentioned.¹

Elsewhere in the world, the 1930s spawned two major development schemes in North America. The first was the British government’s enforced rescue operation to avoid the bankruptcy of their North Atlantic Dominion of Newfoundland in 1931. The other, which coined the shorthand term ‘New Deal’, was the combined hydro-electric and agricultural development schemes of the Tennessee Valley Authority in the USA. Both involved vast government expenditure; and commentators on the Highland predicament at the time saw such a solution as the method by which rescue of the Highlands and Islands should be

¹ NAS DD15/2/5, Letter to T.W. Wilson-Ramsay MP Western Isles, from D. Ferguson 7 November 1932 and forwarded to the Secretary of State for Scotland.

approached.² It has been seen that a reluctant British government eventually sanctioned the Hilleary Committee in 1936 to examine the Highland situation, but chose to ignore its recommendation for a Highlands and Islands Commissioner. A few agreed items of minor additional expenditure arose from the Hilleary report; but in the 1940s, the major initiative was at last achieved for the Highlands with the government's backing for the creation of the North of Scotland Hydro-Electric Board conceived and eventually chaired by Thomas Johnston.

The new Hydro Board's work could be described as 'big large scale development'. In its initial stages much well-paid employment was on offer, although this included migrant employees from outside the Highlands. The completed Hydro schemes would supply electricity throughout the Highlands, which in turn, it was hoped, would be available for smaller industries to be set up by local people, crofters or incomers attracted to the Highland areas. However, even small businesses required initial capital. A particular difficulty, especially for crofters, was the inability to provide security for the purpose of borrowing the capital required to start even the smallest project. A crofter did not own the title to his own home and without such equity was unable to approach normal sources of credit, such as banks, to borrow any necessary capital. Mortgages, for example, were out of the question, as were government loans. This differed from the position of smallholders in England who, with the title to their smallholding, could arrange loans from, for example, the Rural Industries Development Board. The ideal position for a crofter would be to somehow engage in another business interest whilst also attending to the demands of the seasons. Crofters had always been involved with basic agriculture which could extend to fishing and kelping where available, and now in the mid-twentieth century, tourist trade opportunities were available for anyone able to 'improve' their croft. Could the 'secondary occupation' now be encouraged in a modern form – was it still practical, and how could the problem of initial credit for crofters and others be overcome to encourage such 'small business' developments?

There were three key people, from entirely different backgrounds who in the early 1950s recognised the potential and the problems of the circumstances just outlined. Unfortunately, government officials did not initially share their foresight,

² Hugh Quigley, *A Plan for the Highlands, Proposals for a Highland Development Board* (London, 1936), Alexander MacEwen, *Act Now for the Highlands* (Edinburgh, 1939).

but regardless of uncooperative officialdom, Lord Malcolm Douglas-Hamilton, John M. Rollo OBE, BSc and Herbert Ross (the main benefactor) stuck to their idea of helping to finance small businesses in the Highlands and Islands by the creation and successful development of The Highland Fund Ltd which was established in November 1953. Of the three, John Rollo had the most practical approach. Previous Highland campaigners had published booklets, or proclaimed at conferences their ideas for government-led action in terms of massive funding schemes administered by new authorities.³ However, Rollo's early personal approach in the 1940's was literally 'to get his hands dirty' by his own practical experiences working on his own croft at Easdale, south of Oban, during time-off from his engineering business in Bonnybridge, west of Falkirk. He discovered for himself not only the difficulties of bringing long neglected land back to a productive life, but also the satisfaction of selling on the fruits of his (and his helpers') labours to local traders in Oban.

John Rollo

John Rollo was born in Edinburgh in 1901 into a family of the Kirk. His father, who came from sheep farming ancestors in the Sma' Glen, was a minister who was called to Glasgow. Rollo went to school in both Edinburgh and Glasgow, and graduated from Glasgow University with a BSc in Engineering along with an apprenticeship at the North British Locomotive Company in Glasgow. After a year in London, aged twenty-seven, he returned to Glasgow to join an old established firm selling machine tools. The firm was taken over by a southern company not interested in continuing the Scottish activities, and Rollo bought the goodwill of the engineering side of the business. With a staff of five, his hard pressed firm now built and sold precision lathes in Lowland Scotland. He claimed to have received no encouragement locally from the likes of the Scottish Council (Development & Industry), whom Rollo thought seemed only interested in attracting large scale American industries rather than encouraging smaller scale native initiatives. He moved his business to Bonnybridge in 1932, managing to survive for four years, when in 1936, Rollo landed a major contract to equip the workshops and engine rooms of the new transatlantic liner, the *Queen Mary*, being

³ For example, Dr Lachlan Grant who published his *New Deal for the Highlands*, and founded the Highland Development League in 1936; in addition to Quigley and MacEwen (above).

built at John Brown's Clydebank shipyard. This led to a major change in Rollo's fortune in later years when 95% of ships built in British yards carried Rollo's lathes – a success which was followed up with his contribution to re-armament before, and also during, World War Two. The War Office required special precision lathes which could be carried and operated on army lorries, and Rollo's successful tender enabled his firm to produce 2,000 such lathes through to 1945.

With his business on a sound footing around 1940, he developed the interests of his youth, when he built his own motorbike to enable him to reach and explore the countryside of Mull. Here he was fascinated by the signs of old cultivation still discernable in the deserted landscapes. When he learned that the land there, as in many areas of the Highlands at the beginning of the nineteenth century, was carrying one cattle beast to every $2\frac{1}{4}$ acres of arable land, he wondered why that could not be so again. He decided to try it for himself and attempt to overcome what was now recognised as the "crofters' difficulties". He bought a croft on the Island of Seil, south of Oban, and with his own hard work at weekends and a helpful local man's watching eye during week days, he successfully reclaimed the surrounding $9\frac{3}{4}$ acres of croft land. After almost twenty years, in 1960, his land was carrying nine cattle – a better ratio than days gone by. His improvement of the land over the period was such that the subsequent owner successfully converted its use to a market garden.

By chance, the other aspect of Rollo's Highland development theories also materialised at Seil. The local people of the Seil area had relied upon the slate quarries for employment, but these were now in decline. An unemployed quarrier neighbour approached Rollo for help in finding work. Rather than send him down to Bonnybridge where there was work aplenty on his firm's war time contracts, Rollo took some factory equipment to Seil and set up a small workshop making precision tools for the company's lathes. It was still in operation twenty years later, as were three of Rollo's other small business initiatives – in Wick on the north east coast; at Kinloch Rannoch in central Perthshire; and at Inverasdale, Wester Ross. In 1951, Wick Town Council had asked Rollo for advice to improve employment opportunities there. He identified a disused foundry in the town, whilst at the same time being told that the Council were buying castings from as far-a-field as the English Midlands. His suggested deal was to refurbish the old foundry and produce castings locally, provided the Council guaranteed their

custom – a successful business with six local employees was the result. At Kinloch Rannoch where Rollo had a house, he was aware that although forestry was a key employer of local men, many girls were travelling to Pitlochry or Aberfeldy for employment. To provide some work nearer home Rollo's idea was to manufacture car polish in Kinloch Rannoch using diatomite, which was a mineral dug by crofters on the Isle of Bernera.⁴ "Di-Atom" car polish soon arrived on the market which, despite diverse advertising in the *Scots Independent* and *Scotland* (the publication of the Scottish Council (Development & Industry)), sold better in the USA than in Scotland.

By 1951, Rollo's factory at Easdale, near Oban, had been operating successfully for ten years, and he had an ambition to show that a similar project could be achieved in an even more remote situation further north. He identified a possible site at Inverasdale, north-west of Gairloch, about four miles west from Poolewe along the coastline of Loch Ewe.⁵ Despite the relative remoteness of Inverasdale it was about to benefit from the Hydro Board's plans to harness the waters of the River Kerry and create a hydro-electric power station to service Gairloch and the surrounding area. From there the power lines would extend to several communities taking in Poolewe to the north and the settlements dotted westwards along the south shore of Loch Ewe, including Inverasdale.⁶ The Hydro Board's special remit for the Highlands had included 'the social clause', a duty to assist development, industrial and otherwise, in these remote areas. Perhaps this was in former Secretary of State Tom Johnston's mind when he was speaking casually to John Rollo who was outlining his idea of recreating an Easdale type of factory further north, but ruing the lack of suitable premises and lack of development assistance from the government. Tom Johnston had retired from party politics in 1945 to become Chairman of the Scottish National Forestry Commission (1945-48), before taking over the chairmanship of the North of Scotland Hydro-Electric Board from Lord Airlie in 1946. He was initially advised by the Hydro Board's deputy chairman Edward MacColl that 'only about one day a month' would be required but it was unlikely that Johnston would settle for merely

⁴ *Scots Magazine*, July 1961, A Profit in his Own Country by Alastair Robertson, 306-311.

⁵ *Scots Magazine*, July 1961, 310.

⁶ *SCOTLAND*, June 1952, 'Crofters in Overalls' by George D. Banks, 5-8.

presiding over monthly meetings and eventually served the Hydro Board until 1959.⁷ Tom Johnston surely empathised with John Rollo's ideas for small business development in rural settings, and perhaps with his wider knowledge of government legislation since the war, Johnston thought it worthwhile to speak to the Scottish Office in Edinburgh on behalf of his 'industrial friend', and see what could be done.⁸

Tom Johnston's first anonymous references of Rollo to the Scottish Office as an 'industrial friend' may have been intentional, given that earlier in 1951, it was known in official circles that John Rollo had been an accomplice in the concealment of the Stone of Destiny following its theft from Westminster Abbey. The Stone had been hidden beneath Rollo's factory at Bonnybridge until it was returned to Arbroath Abbey. The Secretary of State Hector McNeil was reported to have kept in close contact with the newspaper reporter concerned and a police officer, and meeting John Rollo after a Highland Panel meeting, at Oban in May 1951, he astounded Rollo by greeting him with, "I know you. You're in the stone mason's business." Rollo was also an executive committee member of the National Covenant.⁹ The 'official' awareness of that episode also perhaps explains the government's later comments [recorded in this chapter] that Rollo had been "closely identified with the Scottish Nationalist [sic] Party".

The resulting meeting on 16th October 1951 between J. Anderson of the Scottish Home Department and Tom Johnston was a fruitful one. In relation to the provision of a small building for industrial purposes, Johnston understood that neither the Scottish Industrial Estates Company nor the Scottish Council (Development and Industry) would be prepared to establish such a premises for his friend's purposes, and asked if the Scottish Office had any suggestions. Anderson's answer was swift and simple – the County Councils had powers under the Planning Acts¹⁰ to seek permission from the Secretary of State for Scotland to create such factory buildings. Indeed, only a few months before, in February 1951,

⁷ P. L. Payne *The Hydro, A study of the Development of the Major Hydro-Electric Schemes undertaken by the North of Scotland Hydro-Electric Board* (Aberdeen, 1988), 79 <http://www.spartacus.schoolnet.co.uk/TUjohnston.htm> accessed 18 April 2008.

⁸ *SCOTLAND*, June 1952, 7.

⁹ *The Taking of the Stone of Destiny*, Ian R. Hamilton Q.C (Moffat, 1991) p194; *Scotland's Stone of Destiny: Myth, History and Nationhood*, Nick Aitchison (2000) and *The Scottish Secretaries*, David Torrance (Edinburgh, 2006).

¹⁰ Town and Country Planning Act 1945; Town and Country Planning (Scotland) Act 1947.

the Scottish Home Department had provided precise details of this facility to the Highlands and Islands Advisory Panel for their March meeting,¹¹ and a copy was duly given to Johnston who agreed that this seemed to meet his requirements.¹² Specifically detailed in this document was a summary of the powers available to local authorities since 1947, to acquire and erect factories. They could designate land as being subject to compulsory acquisition if they thought it necessary to do so to secure the use of the land in a manner proposed. With the consent of the Secretary of State for Scotland, authorities could compulsorily acquire land so designated or, prior to the coming into operation of a development plan, acquire land for 'any purpose which appeared to be immediately necessary in the interests of the proper planning of the area'. Under the Act, a Planning Authority was empowered, with the consent of the Secretary of State, to acquire land by agreement for any purpose for which they could get compulsory powers under Section 35. A Planning Authority could, with the consent of the Secretary of State for Scotland, carry out on land acquired under this Act any building or work which they could not carry out under any other enactment.¹³ Tom Johnston took the matter up with Ross-shire County Council.

Two further meetings took place on 23rd October 1951.¹⁴ At the first, Tom Johnston met with John Rollo, Thomas M. Taylor, Principal of Aberdeen University and recently appointed Chairman of the Commission of Enquiry into Crofting, and Ross-shire County Councillors, Convenor Major Stirling of Fairburn and Planning Officer H.A. Rendel-Govan. Major Stirling promised that his Council would provide the required building, and Mr Rollo confirmed that the present tenant and landlord of the site he had in mind were willing to make it available. Rollo was anxious not to be delayed by the Land Court. He also confirmed that if this venture was successful he was willing to set up other factories, and knew of others willing to do likewise. He confirmed that his Easdale factory was still successfully employing six men. Asked about transport costs from Inverasdale, Rollo was not concerned by these – a local haulier would take his products to the

¹¹ National Archives of Scotland [NAS] SEP12/8/001 - APH(51)5 - Development of Industry in the Highlands, 12 February 1951.

¹² NAS DD12/936/1 - Memo 17 October 1951, Record of meeting between J. Anderson, Scottish Home Department [SHD] with Tom Johnston, Chairman NSH-E Board.

¹³ NAS SEP12/8/001 APH (51)5 Advisory Panel on the Highlands & Islands Development of Industry in the Highlands; Town and Country Planning (Scotland) Act 1947.

¹⁴ NAS DD12/936/3&4 Meetings of interested parties (as stated) 23 October 1952.

rail-head at Achnasheen on the Kyle to Inverness line for onward carriage to the south.

At the second meeting in St Andrew's House, with Scottish Office representatives from the Scottish Home Department, the Department of Health for Scotland, and their Solicitor's Department, Rendel-Govan disclosed the identity of Tom Johnston's 'industrialist friend' as John Rollo, and advised the outcome of his prior morning meeting, stressing in particular the point that Rollo wanted a local authority to sponsor the project, to create a precedent for others to follow. Later, Rendel-Govan hailed the decision because it definitely established in law that a County Council could overcome the disadvantages felt by those places not deemed to be official Development Areas under the Distribution of Industry Act of 1945. This was the first such application under the provisions of the Planning Acts, and the first venture by a local authority into industry at second hand.¹⁵ The fact that the relevant legislation had been in existence for at least four years, with apparently little encouragement by the government, or awareness by the local authorities, escaped mention. Indeed, when Sutherland County Council had sought government help in 1947 through the new Distribution of Industry Act, they were refused assistance on the basis that the County's decline in population was not by itself sufficient cause to bring Sutherland within the scope of an Act which was geared to deal with areas with high rates of unemployment. Sutherland Council had wanted a scheme of development to include, amongst other things, help with any new light industries;¹⁶ but having apparently applied under the wrong legislation, nobody in authority guided them towards the then current new Town & Country Planning (Scotland) Act which could perhaps have been of some assistance to them. Twenty years later, John Rollo, in commenting that neither businessmen nor local councils knew of grants which could be obtained in the Highlands, alleged that 'there is even a conspiracy of silence about such facilities'; but when pushed to expand his reasons for this accusation he declined,¹⁷ only to illustrate his own experience with Inverasdale, where it would appear that the

¹⁵ NAS DD12/936/6 Copy of *Glasgow Herald* 21 December 1951 6, quoting Mr Rendel-Govan in their report on "Ross-shire's First Light Industry".

¹⁶ *Northern Times* 18 November 1948 3, Report of Sutherland County Council's discussion of the Distribution of Industry Act 1947.

¹⁷ *Scots Magazine*, July 1961 309. Rollo also referred to a "conspiracy of silence of many decades" in a letter to the editor of the *Glasgow Herald* 24 March 1956, 6.

presence of the highly respected Tom Johnston in negotiations may have been an important factor in Rollo's successful outcome.

Ross-shire County Council's good fortune still had to overcome some 'official' Scottish Office negativity. A doubt was raised about John Rollo's continued success, with a suggestion that his Easdale factory, upon which Inverasdale was to be based, had difficulties in disposing of its products, and a question asked whether that business was still viable. Was there a market for the tools manufactured by Rollo, and what were they?¹⁸ A Board of Trade official confirmed his unawareness of such problems, quashing the rumour with, "This is news to me", and the matter was apparently dropped.¹⁹ It says little for the doubting official concerned that he was not aware of Rollo's business successes over many years; that his main product was engineering lathes which had a world-wide market; and that his own market alone provided a continued demand for the machine tools and equipment manufactured at his 'satellite' factories. Inverasdale was later to play a major part in producing Rollo's 'Croftmaster' mini-tractors which were not only used on Highland crofts, but also exported as far away as New Zealand and South America. By February 1952, Tom Johnston expressed his concern at the delay in authorising Rollo's proposal.²⁰ Obstacles relating to the site concerning the interests of the Admiralty and the War Office, which had been identified by the Scottish Office – with even an alternative site at Aultbea being proposed – proved to be groundless by an exasperated estate factor.²¹ The Secretary of State for Scotland was able, therefore, to provide his final consent to the Council's application to build the small factory for Mr Rollo, in accordance with the Town & Country Planning (Scotland) Act 1947²² – four months after Tom Johnston's initial approach.

The significance of John Rollo's achievement can be illustrated by the attention given to the 'official' opening of his Inverasdale factory at the end of

¹⁸ NAS DD12/936/24, Letter 5 February 1952, R. Hulley, Department of Health for Scotland (DHS) to J. Murray, Board of Trade.

¹⁹ NAS DD12/936/27, Letter 8 February 1952, Reply to 5 February - Murray to Hulley.

²⁰ NAS DD12/31 and /32 Correspondence 14 February 1952, Letter Pottinger, Scottish Office to Tom Johnston.

²¹ NAS DD12/936/34, Letter 15 February 1952, R. Hulley to W.D. Ross, County Clerk, Ross-shire County Council.

²² NAS DD12/936/36, /37 and /41, Telephone calls and correspondence, 16, 22, and 26 February 1952, between Scottish Office, War Department and Ross County Council, completed with Letter 26 February R. Hulley, DHS to W.D. Ross, RCC to confirm position agreed and the Secretary of State's consent will be given.

May 1952. This was arranged to coincide with the opening of the Kerry Falls Hydro Station near Gairloch which was supplying electricity to Rollo's premises. In the morning at the power station, Tom Johnston presided over events. Mrs Stirling, wife of Major John Stirling, Convenor of Ross-shire County Council, performed the ceremonial "switch-on" followed by a speech from Tom Johnston praising the Board's work force, but also defending the Board's pricing policy and explaining its achievements. This was in response to criticism from Captain John Macleod, MP for Ross and Cromarty who had proposed that the Board should be providing free connection to the hydro distribution lines in rural areas up to a distance of 3 miles. The party of about one hundred people retired to Gairloch Hotel for lunch, before proceeding to Inverasdale for a second ceremony at Rollo's completed factory. Here, it was Tom Johnston's turn to "switch on" and declare the premises – an asbestos hut with a floor area of 1,000 square feet erected on the concrete foundations of an anti-aircraft site – officially open.²³ While congratulating Rollo on his initiative in bringing work to the area, Johnston also praised the second part of Rollo's Inverasdale project, namely a land reclamation scheme carried out by his Highland Voluntary Development Association, established by Rollo after consultation with Tom Johnston, Thomas M. Taylor and Major John Stirling. The twenty-four volunteer members were students and staff from Aberdeen, Glasgow and Edinburgh Universities' agricultural departments, prepared to spend two weeks at Inverasdale bringing back to production the deteriorated land once worked by the now ageing resident crofters. Digging, ploughing, ditching, draining and fencing were their rigorous tasks which ensured there would be a harvest later in the year.²⁴

The first four employees at the Inverasdale factory would all have left the area had it not been for Rollo's initiative. Jack Maclean had learned the electrical trade in the army during the war, and had been wiring up houses for the new Gairloch electricity supply. Kenneth Urquhart had returned home after several years on a Post Office cable-laying ship. Donald Mackenzie had now left the Merchant Navy to settle at home, and the oldest crofter at fifty, John Macpherson, had been working as a storeman for the Hydro Board during the construction of the Kerry

²³ *Scotsman* and *Glasgow Herald* 30 May 1952 and other similar press reports.

²⁴ *Glasgow Herald*, 4 April 1952, 6.

Falls scheme, which was of course now finished.²⁵ It is perhaps worth considering that to provide these four jobs, Rollo had been required to approach the foremost political figure in Scotland, Tom Johnston, who in turn had sought the advice and assistance from the Scottish Home Department who invited Ross-shire County Council to officially approach the Secretary of State for Scotland to confirm that the Inverasdale site could be used for a commercial purpose and agree that the Council could spend money to build it. Creating work in the Highlands of Scotland was, apparently, not the most straight-forward of tasks, and perhaps others, without Rollo's connections, would find it difficult to follow his well intentioned example, as was his original wish.

Nine years later in 1961, in discussing his commercial successes, Rollo reflected on his contribution to Highland development,

Look at it this way. I have started four small industries in widely separated parts of the Highlands. Overall, perhaps, they give work to no more than twenty five people. But on an average, every person with a job has two dependents. Thus I am keeping seventy-five people from having to leave their home. Now take Sutherland, a county with a population of approximately thirteen thousand. Each year it loses 650 people because of lack of jobs. Yet, by making suitable work available to just 220, you would completely arrest the county's depopulation. As I have said before, it needs only ten firms doing the same as I do. The county of Smoland,[sic] in Sweden, similar in nature to much of the Highlands, has over 4,000 people employed in such cottage industries.

Replying to a point that no modern profit making business can be expected to carry this almost cottage type industry, Rollo said,

It is not a case of carrying. We are a small firm and certainly could not subsidise small units running at a loss. Over the years all these factories can be expected to show a small financial gain – quite apart from the social benefit to their areas. Of course, with fluctuations in

²⁵ *SCOTLAND* June 1952, 'Crofters in Overalls' by George D. Banks, 6.

trade, there are times when it takes them [a while] to wash their face,
but there is no question of philanthropy.

Rollo also confirmed that each small factory unit was started as a company on its own, and only when it was shown to be economically successful, was it brought into the main group of 'Rollo industries'.²⁶

Lord Malcolm Douglas-Hamilton and the Highland Fund

Lord Malcolm Douglas-Hamilton's direct involvement with the Highlands began when he was chosen as prospective parliamentary candidate for the Inverness-shire Conservative & Unionist Party in 1949, in advance of the anticipated general election in 1951. Before that, his aristocratic upbringing had seen him through Eton College and into the Royal Air Force, before active service during the Second World War as a pilot and an instructor of pilots. His involvement with aviation continued in peace time.

The Inverness-shire constituency had been represented for twenty three consecutive years by the Independent National-Liberal Member of Parliament Sir Murdoch MacDonald, who had given notice after his 1945 victory that this would be his final term as MP. The Unionists had shown an early determination to ensure they would have their own candidate in place, creating consternation in the local Inverness press which feared that with both a Unionist and their favoured Liberal candidate, a split vote might allow a Socialist success.²⁷ However, Lord Malcolm was duly adopted by the local Unionists and he diligently involved himself with his prospective constituency. In 1949, he submitted to the Scottish Unionists' Conference his Development Plan for the Highlands which noted, the Highlands' serious depopulation and the need for imaginative bold plans with a view to effecting widely dispersed development throughout the area. He also suggested that owing to natural characteristics, both topographical and climatic, and to the historical background, the Highlands differed unequivocally from other parts of Great Britain and therefore required special consideration. His conference resolution recommended –

²⁶ *The Scots Magazine*, New Series Vol.75, No.4 - July 1961, 'A Profit in His Own Country' by Alastair Robertson, 306-311.

²⁷ *Inverness Courier* 10 January 1950, 4; 13 January 1950, 4; 31 January 1950, 2.

the setting up of a small Highland Development Executive of full time salaried members, based in the North, backed by adequate finance, with powers to act (subject to the approval of the Secretary of State) with specified responsibilities upon schemes of development both industrial and otherwise, outwith the normal functions of Government Departments and Local Authorities; but by cooperation with such Departments and Authorities to embark upon a 15 year plan of industrial and occupational development with the Highlands & Islands.²⁸

Additionally, Lord Malcolm commented that the real needs of the Highlands were not being attended to in the way that they should. 'Very large sums of money went from the Highlands to the Treasury. One instance was provided by distilleries – a sum of £100,000,000 was going in one year from Highland areas to the Treasury alone. There was much the Highlands could do with £100,000,000. A bold and imaginative plan was essential. The Executive which the resolution proposed would in no way usurp the functions of Local Authorities'. The Motion was adopted at the Conference without discussion, when at the same time Winston Churchill was 'promising to serve Scottish interests better'.²⁹ At the 1951 election Lord Malcolm defeated the challenge from the Liberals and Labour with 46% of the vote, to become Member of Parliament for Inverness-shire.

Following his election, he apparently identified a need for private, rather than public funds as a requirement to assist Highland development, and saw the eastern states of the USA as a possible source to raise the money required. By April 1952 he was proposing an American backed financial body which he called 'The Prince Charles Highland Development Corporation'. He claimed to have launched this successfully in New York and to have acquired substantial financial support from Americans with Scottish descent willing to help a Highland programme aimed primarily at tourism, by purchase of a chain of Scottish hotels, as well as construction of new ones. He was also keen to develop motels on the American model, and with an expectation of further backing from Canada, was confident of

²⁸ *Inverness Courier* 1 April 1949, 5.

²⁹ *Inverness Courier* 24 May 1949, 2.

obtaining £1M to open up the Highlands.³⁰ Lord Malcolm's confidence was not shared by tourist trade officials in Scotland who were adamant that there was no need for more hotels in the Highlands.³¹ There was, perhaps, a similar attitude in New York, as Lord Malcolm was forced to admit that by December 1952 he had received no backing at all for his scheme.³² He also had difficulties with the British Embassy who had objected to his 'Prince Charles' title being an improper use of the name of a member of the Royal Family.³³ The Caterers' Association of Great Britain also thought it to be the height of bad taste.³⁴ The fact that it was Lord Malcolm's intention that the Prince Charles title should refer to the earlier Bonnie Prince Charlie was perhaps lost on British government officials.³⁵ When the name was changed to The Caledonian Development Corporation, the Board of Trade in Britain objected further on the grounds that the word Corporation implied a government backed body with sufficient capital.³⁶ The Scottish Council (Development & Industry) had their own presence in North America, and they too 'were not enamoured' by Lord Malcolm's business there, fearing that any failure on Lord Malcolm's part would 'bring their own cause, as well as other schemes, into disrepute.'³⁷

Lord Malcolm returned to Scotland at the end of 1952 to attend to both his personal and parliamentary business.³⁸ In parliament he was active in ensuring that the case for the Highlands and Islands was heard. He led a 'Highland Development' debate in March 1953, but his pleas for government expenditure and action in the Highlands were dismissed by the Joint Under-Secretary of State for Scotland, Mr Henderson Stewart in winding up the debate,

³⁰ *Glasgow Herald* 21 April 1952, 4.

³¹ *Glasgow Herald* 22 April 1952, 4; and in *The Press & Journal*, 1 May 1952, 4, Letter to Editor from 'Highland Hotelier' – 'Enough Hotels in the Highlands' – If Lord Malcolm is genuinely interested in Highland Development with the aid of our American friends, I suggest he induces the investment of American capital in light industries and other businesses which do not presently exist in the Highlands, rather than impede the operation of established businesses.

³² *Glasgow Herald* 17 December 1952, 6.

³³ NAS SEP12/67 Letter 25 March 1954, N.D. Walker, Scottish Home Department (SHD) to A.A. George, America Department, Foreign Office.

³⁴ *The Scotsman* 22 April 1952, 4.

³⁵ NAS SEP12/67 29 May 1954, article by Lord Malcolm in *Everybody's Weekly*, "A New Highland Rebellion", using the 'rebellion of '45' to advertise his own campaign of '54.

³⁶ NAS SEP12/67 6th Meeting of the Highlands Committee, 14 August 1953, Minute 5. Other Business.

³⁷ NAS SEP12/67 Letter 25 March 1954, Walker to George.

³⁸ *The Times* 5 January 1953, 4.

But as he [Lord Malcolm] knows, the Highlands form part of the United Kingdom, and the United Kingdom today is going through a difficult period economically ... we are in straitened circumstances. We are not able to do the one hundred and one things we should like to do ... [and] until we are able to afford that, I am afraid that the Highlands of Scotland will have to bear up, like other parts of the UK, as best they can.³⁹

At this time also Lord Malcolm had disagreements with the Inverness-shire Constituency Unionist Association. For example, he complained that constituents' correspondence was not being passed on to him, as it should, and he parted company with the local organisation. He declared himself to be an independent MP and was supported by other constituents who also abandoned the local Association. Lord Malcolm confirmed in the course of his parting that he had no quarrels with the Unionist Party, except in matters relating to the Highlands, and there he reserved his right to vote in what he thought would be the best interests of the Highland people.⁴⁰ The local Unionist Association lost no time in adopting a new candidate for the next election.

Notwithstanding such local inconveniences, Lord Malcolm apparently contrived his own personal campaign to help people resident in the Highlands and Islands. Early in 1953, he and his wife began travelling around Scotland to seek out as many people as possible who would be interested in his ideas to actively stop the decay of the Highland area. Unlike his American campaign, the evidence of this Scottish campaign lay in its successful outcome. According to his new-found colleague John Rollo, it was the Douglas-Hamiltons, both husband and wife, who put in some 'extensive pioneering work' in 1953 to enlist support for Lord Malcolm's idea of a Highland Fund which had arisen from his two-fold sense of faith –

³⁹ *Hansard*, Vol. 512, 9 March 1953, Column 1091.

⁴⁰ *Glasgow Herald*, 13 April 1953, 5.

First, that the development of the resources of the Highlands was necessary and possible; and second that the Highlander was capable of doing this development by himself, if he had a real chance.⁴¹

John Rollo counted himself among those who had been intimately concerned with the Douglas-Hamiltons during the year which had brought about The Highland Fund Limited at its official launch at the House of Commons in November 1953. The twenty members of the Fund's Council also included J.M. Bannerman the prominent Highland Liberal Party activist, H.A. Rendel-Govan the Planning Officer of Ross-shire County Council and the Rev Thomas M. Murchison of Govan Parish Church in Glasgow, the prominent Highland Development League campaigner since the mid 1930s. The Highland Fund's vision was not only to halt the decline in economic prosperity and population in the Highlands, but also to reverse it into a positive development providing the scope and opportunity for young men and women in Scotland to make their way in the Highland areas. The Fund identified the acute lack of money or credit as the major obstacle to Highland development. Normal investment did not find its way easily into the North and West and Governments could not justify any greater public expenditure in the Highlands until it became evident that there was a real desire for private enterprise to operate and expand in the area. The Highland Fund, therefore, was designed to spearhead enterprise by practical demonstration and encouragement, and to help the 'small' man to stand on his own feet, something which the present credit restrictions often prevented. It was essentially a project of Scottish self-help; to raise a sufficient fund by subscriptions from many, to be used for the benefit of Highlanders and other Scots who wished to help in the work of reviving the Highlands and Islands.⁴² This, it would be imagined, would have been welcomed by most people, including MPs and government, whose intentions were in the best interests of the Highlands. Alas, that was not to be.

Sir David Robertson, Independent Unionist MP for Caithness and Sutherland, insisted to the Secretary of State for Scotland that, 'the idea of a Highland Fund was misconceived and harmful', and if the Secretary of State was powerless, then

⁴¹ First Annual Report of The Highland Fund Limited, April 1955, a Report of the Year's Work by Vice-Chairman John M. Rollo, 6.

⁴² NAS SEP12/67 First Annual Report of The Highland Fund Limited, April 1955, Lord Malcolm's Foreword, 1.

he, Sir David, would do his best 'to scotch it'.⁴³ Lord Home, the Minister of State commented that when he was being asked about the Highland Fund by banks and businessmen, he told them that, 'the Fund is a purely private idea of Lord Malcolm Douglas-Hamilton. It has no official backing, and in my view it deserves a lukewarm or even cold reception.'⁴⁴ Even the *Inverness Courier* was not impressed, condemning the Fund 'as a snare and a delusion. The Highland problem can only be solved by national action on a large and comprehensive scale.' The same editor had however already praised and welcomed John Rollo's efforts on a small scale, when he reported the Inverasdale project the year before to be, 'a small but worthwhile factory on the west coast of Ross-shire.'⁴⁵ The other negative judgements of this new Highland Fund were perhaps being made on a personal basis in relation to Lord Malcolm Douglas-Hamilton, rather than on an assessment of the Highland Fund's potential. Lord Malcolm had embarrassed the British government with his failed business ideas in the USA. He had resigned from his own Inverness Conservative and Unionist constituency party to be an 'Independent' MP, and his own popularity was understandably at a low ebb. Regardless of criticism Lord Malcolm proceeded to publicly announce his Highland Fund at a press conference in the Members' dining room of the House of Commons in November 1953.⁴⁶ On a more positive note it was also suggested that Lord Malcolm should provide information about the Fund to the Highlands and Islands Advisory Panel.⁴⁷

At his press conference Lord Malcolm emphasised he did not subscribe for an instant to the aims of the Scottish National Party, although he understood the discontent which gave rise to the movement. He was perhaps disassociating himself from John Rollo who, as has been mentioned above, was known to have Nationalist sympathies.⁴⁸ In that connection also, he confirmed he was the only MP associated with the Fund, and that this was deliberate, to ensure that the

⁴³ NAS SEP12/67 November 1953, record of the Secretary of State's conversations with Lord Malcolm and with Sir David, in a memo from M. Martin to Miss Shiels, Scottish Home Dept..

⁴⁴ NAS SEP12/67 10 November 1953 Memo N.D. Walker to Miss Shiels: and James Hunter, *HIGHLAND FUND 1953-1991*, (1992) [pamphlet] National Library of Scotland Ref. QP.92.414.

⁴⁵ *Inverness Courier* 20 November 1953 p.4 and 16 January 1953, 3.

⁴⁶ *Press & Journal* 18 November 1953 - Self Help Scheme for the Highlands.

⁴⁷ NAS SEP12/67 19 November 1953 T.M. Martin suggests to Malcolm MacMillan, Chairman of Highland Panel that Lord Malcolm should talk to the Panel about the Highland Fund: 21 November 1953 confirmation to Lord Malcolm for Meeting 18 December 1953.

⁴⁸ *The Scotsman* 9 December 1985, also mentioned in his obituary - 'A nationalist, Mr Rollo had charge of the Stone of Destiny for 13 weeks when it was "on the run" in 1951.'

scheme would have no party political affiliation. Lord Malcolm went on to justify the Fund by saying that government help for the Highlands was not enough. Government schemes usually required recipients to find some proportion of a loan or grant themselves, and this would be where the Fund would assist. The Fund's loans would be long term, low interest, and on a 'character basis, as the Scottish banks used to do', and would enable crofters, small traders and small industrialists to establish themselves. 'This was not a charity,' he stressed. 'Each loan will carry the obligation to repay, thereby demanding that the borrower shows the ability to stand on his own feet. We are concerned only with the small man ... and by the stimulation of many small schemes, the whole pattern of Highland life can be helped. Activity will encourage activity.' John Rollo's contribution was to suggest to the press conference that his own establishment of small factories in three Highland areas, including a foundry at Wick, had conclusively proved that industry could be established there and made to pay.⁴⁹ Similar information was imparted to the Highland Panel; that small long term loans at low interest rates would be offered to people working in the Highlands, and that the known integrity of the applicant and the soundness of the project, rather than ordinary financial security, would be the basis of the loan. The Fund would be administered by a Council of people, all of whom were successful in their own sphere, and the applications to date split equally between agriculture, small industry and the tourist trade.⁵⁰

Lord Malcolm's apparently naïve tendency to embarrass government officials over United States' funding came to the fore again early in 1954. He wrote to the Secretary of State for Scotland, James Stuart, anticipating that American sources of funding for the Highland Fund may yet emerge from the 'dormant committee' of possible American donors. He also suggested, 'possibly a considerable sum of money from the American Counterpart Funds would come through from the American government' [for the Highland Fund], and that the Secretary of State should make sure the Treasury will not seek to divert this into any other channel.⁵¹ Lord Malcolm's letter received only the politest acknowledgement from the Secretary of State's private secretary. The disbelief at Lord Malcolm's request was

⁴⁹ *Glasgow Herald* 18 November 1953.

⁵⁰ NAS SEP12/2 Highlands & Islands Advisory Panel, Minutes of the 49th Meeting 18 December 1953.

⁵¹ NAS SEP12/67 21 January 1954 Lord Malcolm Douglas-Hamilton to Rt Hon James Stuart Secretary of State for Scotland.

reflected in later correspondence referring to the White Paper⁵² relating to US Economic Aid, with the comment, 'I am not clear how a grant to the Highland Fund could be brought under any of the heads of expenditure [detailed in the White Paper].'⁵³ Another puzzled official wrote, 'If there is any money coming from America for the Highlands, I am very doubtful whether the Highland Fund is the body to handle it. ... It appears therefore, that Lord Malcolm's informant – for he received [his information] at second hand – has misunderstood some chance remark by one of Mr Stassen's officials.'⁵⁴ Evidently, Lord Malcolm operated on a different wavelength. This perhaps suggests why the government could only treat him with a degree of suspicion, and could not provide any official respect, nor support for the Highland Fund – support which could have been an effective instrument with which to assist Highland development. To make matters worse for Lord Malcolm, in his continued efforts to encourage support for the Highland Fund in the USA, he provided *The Pittsburg Press* with an interview in the course of which he was asked whether the Scottish revenues arising from shipbuilding and whisky could be used to help the Highlands? Lord Malcolm was quoted as replying, 'The British government won't part with a blasted penny,' and he remonstrated by letter with the Pittsburg editor claiming the article was overstated, and he had never used the quoted words. Lord Malcolm also sent a copy of both the article and letter of denial to the Secretary of State for Scotland⁵⁵ – an action which did nothing for Lord Malcolm's reputation. Lord Home the Minister of State, and Lord Bilsland the Scottish Council's representative in New York, discussed Lord Malcolm privately, but while expressing concern at his activities, both appreciated that nothing could be done.⁵⁶ Similarly, the American Department of the Foreign Office were advised,

⁵² NAS SEP12/67 Arrangements for the expenditure of Counterpart Funds derived from United States Economic Aid under Section 9(c) of the Mutual Security Act of 1952, 25th February 1953; Command 8776; Accounts and Papers Vol. (13); 1952-53, Volume XXX.

⁵³ NAS SEP12/67 3 February 1954 Note from J. Mauchlan, Foreign Office to Mr Law Scottish Office - refers to the White Paper Cmd.8776 concerning United States Economic Aid to the United Kingdom.

⁵⁴ NAS SEP12/67 6 February 1954 C.C. Cunningham to Mr Robertson (copies to ND Walker & Mr Mauchlan); also 15 February 1954 N.D. Walker to Miss J.C. Shiels, SHD.

⁵⁵ NAS SEP12/67 11 February 1954 Lord Malcolm's letters, (i) to Editor of *Pittsburg Press* and (ii) to the Secretary of State for Scotland Rt Hon James Stuart enclosing copy of (i); also referred to in James Hunter, *Highland Fund 1953-1991*, (1992).

⁵⁶ NAS SEP12/67 23 February 1954 Telegram from Nigel Walker to Miss Shiels, SHD.

Our Ministers have refrained from giving Lord Malcolm Douglas-Hamilton any support or encouragement. The Embassy may wish to take the same line, and make it clear that Lord Malcolm is acting in a completely independent way.⁵⁷

Lord Malcolm did not relent. When the Rt Hon John Boyd-Carpenter, Minister of Transport, was in Inverness to speak to the local Chamber of Commerce, Lord Malcolm sent him a Highland Fund brochure with a confidential letter outlining his proposed summer trip to further promote the Fund in the USA, where a goal of \$200M had been set by the Fund's advertising company Young & Rubicam, 'one of the largest in the US'. As it was necessary for he and his wife to travel through the United States to help organise local committees, Lord Malcolm was hoping the Treasury would see its way to provide 'a travelling allowance of about £700'.⁵⁸ This request in itself generated much correspondence and discussion between the Foreign Office, the Scottish Office and the Treasury,⁵⁹ ranging from the Scottish Home Department's reported view that –

... the refusal of a reasonable dollar allowance may have unfortunate political repercussions if Lord Malcolm Douglas-Hamilton complains both in this country and America that he has been refused facilities to state the Highland case ... on the whole therefore we feel that an allowance should be given but in agreeing, the Treasury should insist that Lord Malcolm will make it clear that his mission is in no sense sponsored by the Government.⁶⁰

– to the Foreign Office's blunt opinion that,

⁵⁷ NAS SEP12/67 25 March 1954 Nigel D. Walker SHD to A.A. George, American Department, the Foreign Office.

⁵⁸ NAS SEP12/67 16 July 1954 Letter from Lord Malcolm Douglas-Hamilton to Rt Hon John Boyd Carpenter, Minister of Transport and Civil Aviation.

⁵⁹ NAS SEP12/67 16 July 1954 Memo, Foreign Office to Washington, and reply 17 July 1954; M. Martin to Miss Shiels, SHD 17 July 1954.

⁶⁰ NAS SEP12/67 20 July 1954 Memo from N.J. Hutchison, SHD to N.D. Walker.

Our Ambassador in Washington is strongly opposed to private begging trips by Britishers to the US at this time.⁶¹

The £700 expenses were eventually allowed 'albeit reluctantly,'⁶² with the one qualification that the Rt Hon Selwyn Lloyd, Minister of State for Foreign Affairs, would write to Lord Malcolm to emphasise the 'personal nature' of his trip to the USA to raise money for the Highland Fund, and that he had 'no official support of any sort for your trip ... no government involvement whatsoever, as the UK is already in receipt of help from the USA – to the point of some people in the US calling the UK scroungers.'⁶³ Unfortunately, Lord Malcolm's actions were continuing to create a detrimental attitude towards the Highland Fund. Whereas the Fund's brochure referred to providing 50% 'character loans' to complete the 50% loans from the government, it was noted on an official file,

If it got to Lord Malcolm's ears that direct or indirect assistance was being refused merely because the "ungranted" part of the expenditure came from The Highland Fund and not from the individual's own resources, he could be expected to be very critical.⁶⁴

If only to underline Lord Malcolm's reputation in official circles, a letter from Sir Steven Bilsland to Earl Home, Minister of State for Highland enclosed a cutting from the *St Louis Post & Dispatch* relating to the Highland Fund which included a photograph of Lord Malcolm, off-guard, alighting from a train and adjusting his headwear. Bilsland's accompanying comment was, "Malcolm D-H is a fool, and looks it in his photograph."⁶⁵ The reputation of its first chairman was apparently

⁶¹ NAS SEP12/67 26 July 1954 A.R.K. Mackenzie, Foreign Office to F.J. Parnell, Treasury Chambers SW1.

⁶² NAS SEP12/67 25 August 1954 A.R.K. Mackenzie, Foreign Office to J.H.A. Watson, Washington.

⁶³ NAS SEP12/67 12 August 1954 Letter from Rt Hon Selwyn Lloyd MP to Lord Malcolm Douglas- Hamilton.

⁶⁴ NAS SEP12/67 1 November 1954 The final paragraph of a File Note by R.H. Law commenting on an article by Lord Malcolm about the Fund, and quoting from the Fund's Brochure regarding "Character Loans" and government help only amounting to 50% with the necessity to find the other 50%.

⁶⁵ NAS SEP12/67 9 December 1954 Letter from Sir Steven Bilsland, the Scottish Council (Development & Industry)'s representative in the USA to Earl Home, Minister of State for Scotland enclosing an illustrated cutting from the *St Louis Post & Dispatch* relating to the Highland Fund.

overshadowing the Highland Fund, no matter how well intentioned were the aims of its Council members.

Funding the 'Fund'

These well intentioned aims and ideas of the Highland Fund have already been outlined, but how did they materialise in practice, and more importantly, how were they financed? Reference has already been made to three key people directly involved with the Highland Fund. While John Rollo and Lord Malcolm Douglas-Hamilton provided the very public roles necessary to set up and launch the Fund, their major source of capital was provided by Herbert Ross, a retired businessman from Cove, Dunbartonshire. Ross originally preferred to remain an anonymous donor; but at the first major reorganisation of Fund officials in 1957 he was given the honorary office of Patron by which time Scottish Office officials were able to advise the Secretary of State that,

The Fund is largely dependent on the Ross Trust. In 1956 their total income was £55,000 of which £50,000 came from the Trust. We understand that since then the Trust have offered another £50,000 and have indicated that more may be available. Other sources of income appear to be negligible.⁶⁶

In a tribute to Tom Johnston, John Rollo confirmed that it was his (Rollo's) great privilege and pleasure to bring together for the first time two very great men – Tom Johnston and Herbert Ross – who both had one thing in common,

They sought no personal honour or advancement, only they were united in their desire to better the condition of Scotland and of the Highlands in particular.⁶⁷

Herbert Ross's financial contribution to the success of the Fund did increase through his Ross Trust and by 1961 the Fund's total donations and subscriptions in

⁶⁶ NAS SEP12/67 11 November 1957 Note R.H. Lawers to Mr Aglen regarding 'The Highland Fund & the Ross Trust', to be passed on to the Secretary of State.

⁶⁷ The Highland Fund Ltd, Annual Report for year ending 30 November 1964.

their eight years' existence amounted to £157,507.⁶⁸ At this time also, the Council of the Fund could claim they had already reached their intended aim of being a 'Revolving Fund', as reported in the Highland press,

It is a striking sign of the healthiness of the aid given by the Fund to finance worthwhile enterprises in the [Highland] area that the repayments in 1961 amount to more than the total loans only a bare two years earlier. In this sense it has become, as originally intended, a 'revolving fund', which should be able to continue operations on a solid basis, even without some of the massive support which it received in the earlier stages.⁶⁹

Another positive detail was that the rate of re-payment of the Fund's loans was very satisfactory, with bad debt at a most acceptably low figure of around 2½%.⁷⁰

Herbert Ross had been a First World War veteran severely disabled by the loss of a leg during service with the Scottish Horse in Mesopotamia. On his return home, he was cared for at the Princess Louise Scottish Hospital for Limbless Soldiers and Sailors at Erskine, where he met another war veteran, Sam Coulter who was similarly handicapped. Upon release, the two of them built up their own whisky firm, Ross & Coulter, owning two distilleries which they sold in 1954. Another company, Ross & MacCallum Ltd, was formed which had developed into W & S Strong (Dundee) Ltd by the time of Ross's death at the age of 75 in 1960. During his lifetime he gifted in total around a million pounds to several causes. Apart from the Highland Fund, these included the Princess Louise Scottish Hospital, the Red Cross Society in Glasgow, Calderpark Zoo, and the Wine and Spirit Trade Benevolent Society. In his later years his Ross Trust donated around £72,000 to Glasgow University for various projects which included the founding of a Chair of Celtic.⁷¹

The Ross Trust was the largest donor during the Fund's first year providing £3,000 of a total of £45,000, which included another special donation of fifty

⁶⁸ Hunter, *Highland Fund*, 7; The Highland Fund Ltd Annual Report for year ending 30 November 1961.

⁶⁹ *Highland News* 9 March 1962, filed as NAS SEP12/68/36 in Scottish Office papers.

⁷⁰ The Highland Fund Ltd, Annual Report for year ending 30 November 1961.

⁷¹ *Glasgow Herald* and *The Scotsman* 8 December 1960, Obituaries.

'Croftmaster' tractors worth £9,500. John Rollo whose firm produced the tractors emphasised that they were supplied at "actual works cost, without profit in their manufacture." [£190 each, against a retail price of £257]⁷² The total of the loans provided by the Fund during that first period of operation was £10,000, and in the eleven 'typical cases' of assistance described in their First Annual Report, along with the provision of thirty two 'Croftmaster' tractors, there was an approximate total of 110 jobs assured for the immediate future. The largest business assisted was a Harris Tweed weaver, employing forty crofter-weavers. The Fund enabled him to buy sufficient yarn to accept orders from Sweden, Holland and Germany, and maintain the crofters' employment. In another case, a small boat-building business had been started on the north west mainland, run by two local men, and the extra capital provided by the Fund enabled them to buy materials to meet several new orders. In addition, the business accepted a major project to provide a Hydro-Electricity scheme with twelve boats, which meant that their three employees and two apprentices would be busily employed for many months ahead. The Hydro Board were also involved as the potential customer of a small Highland printer who applied to the Fund for a loan enabling him to purchase adequate paper stocks to accept a major printing order from the Board. The Fund granted a £100 loan, but also promised another £500 for new machinery to meet his substantial increase in orders, once he had obtained suitable larger premises. A good building was granted to him by a government department, and the Fund agreed to double his second loan to £1,000 for the purchase of additional equipment, which in effect created a substantial business which could lead to employment opportunities for the young people of the town. In the Western Isles, a young man who had built his own boat to restart the white fishing applied to the Fund for a loan to buy a diesel engine, mast and other equipment. The success of his venture was such that he was able to replace fish brought from the mainland for sale on the island, with fish caught by himself off the island – 'the Fund thereby helping to return some prosperity to one of the fastest dying of the Western Isles'. Two separate ploughing contractors benefited from Fund loans to obtain new tractors – one in the Western Isles, and the other in Inverasdale, Wester Ross. The latter was a gift to the Fund from Messrs Massey-Harris-Ferguson, with the crofter undertaking

⁷² The Highland Fund Ltd, First Annual Report for year ending 30 November 1954 (published April 1955), 3 and 11; and *Glasgow Herald* 11th January 1954.

loan repayments for the vehicle over five years. The tourist trade, 'in a very decayed part of a county where such a local enterprise is much needed', was served by two ladies who, helped by a Highland Fund loan, took over a village soft-goods shop which was about to close. This provided an outlet for handmade garments produced in the area and which were sold in a thriving summer trade. There were also small loans to individuals to purchase the wool for the home-made goods to stock such shops, and, as if to emphasise the 'small' nature of the work available in the Highlands, a Fund loan was even granted for the purchase of a horse to enable a contract to be taken for the removal of Forestry Commission timber thinnings⁷³ – certainly not the type of enquiry to be entertained by the government officials of the Board of Trade.

In listing so many examples of the financial aid they had successfully provided, there was no doubt that the Highland Fund had managed to practice what Lord Malcolm had 'preached' at his initial press conferences. Now in its second year (1954 -1955) the Fund simply began to build on its successful establishment. Help from furth of Scotland now raised itself above the parapets. Forty Scottish Societies in England attended an inaugural Fund meeting at Park Lane to enhance a London based representation. The Duke of Argyll took the initiative, setting the tone in his letter of invitation, that

Something of the vision and wide generosity that has been lavished on schemes of colonial development is required, if the process of decay in the Highlands and other Scottish marginal areas is to be reversed. Their life blood is ebbing away and unless steps are taken in time, the historic home of the clans will be gone forever.⁷⁴

The Duke already headed the list of twenty people on the Fund's 'Board of Advisors' and he was successful on this occasion to confirm the establishment of The Highland Fund (England) Association.⁷⁵ At this time also, the first transfer of funds from the Scottish Highland Fund of North America Inc was reported to have been made to the Highland Fund in Edinburgh. The figure was not disclosed, but

⁷³ The Highland Fund Ltd, First Annual Report for year ending 30 November 1954, 9-11.

⁷⁴ *The Times* 16 March 1955, 5.

⁷⁵ *Glasgow Herald* 1 April 1955, 9.

was described as, 'a large amount, not just a few dollars', and was being put towards 'one or two small projects in agriculture, tourism or light industry.'⁷⁶ Later in 1955, the Duke of Argyll was again involved in London, organising "The Royal Stuart Society Ball for the benefit of The Highland Fund (England) Association". One of the invitees was James Stuart, the Secretary of State for Scotland whose official reaction at the Scottish Office was,

I must reply, but has this got anything to do with Malcolm Douglas-Hamilton's Highland Fund?

In his polite letter of declinature to the Duke, the Secretary of State replied,

I have to be rather careful in my official position and the Highland Fund might expect more from me, or my successor in office, than I could undertake.⁷⁷

On the other hand, the Scottish Council (Development & Industry) now regarded the Highland Fund in a more positive light and was considering the possibility of officially recognising the Fund with an exchange of representatives between the Fund and the Council at their respective meetings. This proposal would have been approved, but for the interjection of the Council's Trade Union representative George Middleton who argued that 'as the matter was still under discussion by the Policy Committee, it would be unwise to take such a step,' and the matter was withdrawn.⁷⁸ Mr Middleton, who was General Secretary of the Scottish Trades Union Congress, did not appreciate nor recognise the worth of the Highland Fund which he later dismissed as 'largely a charitable institution'.⁷⁹ He subscribed to the STUC's policy for the Highlands which was for the establishment of a Highlands and Islands Development Corporation similar to the Development Corporations proposed for the Lowland areas. Indeed, the STUC had only recently held a conference in the Highland capital Inverness on this very topic, attended by

⁷⁶ *Glasgow Herald* 22 April 1955, 8.

⁷⁷ NAS SEP12/67 10 May 1955 Note on file, with letter of reply James Stuart to the Duke of Argyll

⁷⁸ NAS SEP12/67 21 November 1955 Scottish Home Department Note from N.D. Walker to Mr Pottinger and Mr Anderson headed 'The Scottish Council and the Highland Fund' regarding "the politics of recognising the Fund."

⁷⁹ *Inverness Courier* 20 April 1956, 5.

the Highland Local Authorities, the North of Scotland Hydro-Electric Board, Scottish Tourist Board, White Fish Authority and the Scottish Council (Development & Industry). The Conference proposal was to 'create a Highland Authority to prepare a Plan for Highland Development and to supervise its application'. Perhaps Mr Middleton was disappointed by the little support that was forthcoming for his Congress's ideas, even from the Highland authorities, with the exception of Sutherland County Council.⁸⁰ The opposite view, perhaps more in line with those present, was provided by the County Clerk of Ross-shire County Council, W.D. Ross expressing his personal view that,

I am convinced that the existing local authorities have all the experience and technical knowledge necessary. What they need is the money for roads, water supplies and other services. Give them the funds and they will deliver the goods.⁸¹

This of course was the obvious solution for the Highlands and Islands on the grand scale; but would never feature in any official government expenditure programme. What the Highland Fund had demonstrated already in its short existence, was that providing people with adequate funds, albeit on a small scale, did achieve satisfactory results by keeping jobs alive in outlying areas. Over an even longer period, John Rollo had also shown that worthwhile business successes could be achieved at the local level.

Glasgow debate – Provost versus the Crofters' Commissioner

While the Highland Fund continued to make its own contribution to benefit the Highlands and Islands, the government at this time was appointing the new Crofters Commission following the Enquiry into Crofting chaired by Thomas M. Taylor, who had been involved with John Rollo at Inverasdale in organising the Highland Development Voluntary Association. The Crofters Commission was created in July 1955 and led by chairman Sir Robert Urquhart who, aged 57 had returned from a successful career in the overseas diplomatic service to his native Highlands to help in the task of their rehabilitation, repopulation and

⁸⁰ *Inverness Courier* 4 October 1955, 3.

⁸¹ *Glasgow Herald* 1 October 1955, 6.

redevelopment.⁸² As well as his official duties, which initially entailed a new survey of the Highlands and Islands to identify the numbers and extent of the crofting community, he lost no time in fighting the corner for the Highlands in general. He was soon on a similar wavelength to John Rollo in relating to the dearth of job opportunities in the north and west, and the general lack of small industries to provide the necessary work to retain the already limited population. In the spring of 1956 Sir Robert took umbrage with the plans that had been announced in Glasgow by the city's Lord Provost on behalf of his councillors for a 'Civic and Industrial Fair to be held in the city, the Industrial Capital of Scotland.' Sir Robert took exception to the latter phrase which he considered to be an extremely grandiose claim, given the lack of industry in those areas north of Glasgow, which formed a substantial part of the country of which Glasgow was claiming to be the "industrial capital". In the absence of any other comments, Sir Robert launched his own criticisms towards Glasgow City Council through the newspaper columns of *The Glasgow Herald*,

Glasgow can hardly expect the Highland half of the country to acknowledge her claim to be the industrial capital of Scotland, unless and until, she shows herself ready to shoulder the wider than parochial responsibilities which fall upon any capital.

He asked, 'What could any foreigner, coming to Glasgow, think of a city calling itself great while doing nothing to banish the poverty and decay which prevail in its immediate neighbourhood?' He suggested that crofters, like everyone else, required a higher standard of living, and to meet this, the variety and yield of secondary employment had to be increased. This was particularly so in the many areas where fishing had been now so largely removed beyond the range of the average crofter, and substitutes had to be found. The Crofters Commission had seen several avenues of action opening up to promise the extra income which the crofter needed; but there had been one avenue 'which had been bricked up'. There had been no progress towards bringing small manufacturing industries into the Highlands from outside. He alleged that, 'if reports are accurate, the Glasgow

⁸² *Inverness Courier* 22 July 1955, 4.

industrialists who have been approached about this have said that they are in business for profit not philanthropy. The Glasgow of Kelvin never spoke thus.'

Sir Robert clarified that his Commission's objective was not to seek large concentrations of industry at a few points like Inverness or Fort William, nor was it their wish to cover the Highlands with factories as some people may have feared. Adopting the John Rollo approach, Sir Robert confirmed,

We need small-scale units in different areas to employ the crofters' families rather than the crofters themselves, to provide a local market for some part of the crofter produce, and to keep some of the young people in the Highlands. Without a due admixture of mechanical industry even the richest areas remain socially backward.

He went on to compare Little Loch Broom's derelict crofts having only a handful of children at the one school that remained open, and a majority of old people, with the situation at Inverasdale where John Rollo's little factory employed young men in a healthy small community. There had been similar successes with the new seaweed mill of the Powrie brothers at Gairloch, and at Aultbea where, thanks to work at the Admiralty base there, the crofters were vigorous, their families of normal composition, the houses were trim, and the fields tilled. Sir Robert suggested that these places showed that the crofting way of life could be revived – 'given more Powries and Rollos, who were proving the value of small scale industry.' He claimed that in the vast range of Lowland industrial activity there must be processes which could be out-housed, notwithstanding the transport charges, and suggested that a beginning could be made at places like Embo and Lairg where there were good communications, plenty of water, electric power and intelligent labour. This, he continued, was what came to mind with mention of Glasgow's plan for a Civic and Industrial Fair. The Commission did not wish to stand aloof; it wanted to help; but if Glasgow's industrialists remained obdurate, the Commission would go elsewhere and persevere until it found others willing to help the Highlands acquire a measure of manufacturing industry. If the Commission did have to go elsewhere, then there would be an end for all time to Glasgow's claim to be the industrial capital of Scotland. Sir Robert had also asked

the question, 'Can we find Glasgow men who are willing to help in this way, even without prospect of profit?'⁸³

It was, perhaps, that last comment which most raised the anger of Glasgow civic leaders and businessmen. John Rollo had certainly not promoted, nor experienced the idea of unprofitable businesses being set up in the Highlands, and Sir Robert had now, unwittingly created a degree of rancour among the city officials and the Glaswegian business community. As if coming to the Crofting chairman's rescue, Rollo immediately produced a detailed newspaper article, 'Little Industries in Crofting Areas – Renaissance at a Profit', in which he drew on his fifteen years' experience of Highland successes. While acknowledging there were popular negative perceptions relating to business in the Highlands, he provided some positive facts and details from his own successful years. The ideal 'little factory' would employ from four up to twenty people in a township – even employment for six people would inject around £3,000 a year in wages into a local economy. The knock-on effect could see crofter employees developing their own crofts as they would be able to meet the first 50% of the cost of improvements which would allow them to obtain the second 50%, so often provided by the government grants. Any additional building work to crofts could then employ a local builder, and overall, the increased purchasing power would reflect increased sales of the local store or tradesmen's vans. Because of the crofters' ability to put more of their land under the plough and buy additional livestock, the coming of money into circulation would have a considerable cumulative effect on the community. From the point of view of the State, unemployed persons would become wage earners and tax payers, and the government would also gain by savings on national assistance or unemployment benefits. With the State, therefore, likely to be substantially in pocket for every man employed, Rollo suggested, it should be prepared to offer some inducement to industrialists.

Rollo praised the high quality of labour available in the Highlands. The people were intelligent with high standards of education which provided keen workers anxious to help the local industry to succeed. In the Highlands, employers had a situation where there was competition for jobs, and not competition for labour. Factory space was cheap; it could be provided at an annual rental of £25 to

⁸³ *Glasgow Herald* 8 March 1956, 6, Letter to the Editor from Sir Robert Urquhart.

£30 per 1,000 square feet of floor area. Rollo was sure that every county council in the crofting areas would be prepared to follow the lead of Ross-shire County Council to use the provisions of the Town and Country Planning (Scotland) Act, 1947, to obtain a Grant from the Exchequer for the cost of erection of such a factory, which could be rented to an incoming industrial tenant on a long lease, thus saving capital costs for the incoming industrialist.⁸⁴ Even the most remote townships had a low cost electricity supply from the North of Scotland Hydro-Electricity Board, and local administration costs were minimal as such a small factory could be run by one foreman. The only capital cost was that of plant and equipment.

Against all these considerations, Rollo admitted there was one – only one – disadvantage – distance. He emphasised that his own experience had proved this was nothing like the obstacle it was made out to be, and provided the relevant details –

From his main factory in Bonnybridge the distances of return journeys to his satellite factories were – 246 miles for Easdale, 520 miles for Inverasdale, Wester Ross, and 602 miles for Wick. The only limiting factor was the 'value / weight ratio' of the goods to be made. The economic sales value of such goods was probably a minimum of £600 per ton, and the ton should not exceed about 50 cubic feet in volume. There were not many products, other than raw materials and heavy industrial equipment, which were cheaper and heavier, and the freight costs using diesel transport, operated and maintained and allowing for depreciation, worked out for a 500 mile trip, (250 miles out carrying raw materials and 250 miles back bringing finished goods) at 1% of the sales value of the goods per ton.

Rollo also pointed out that this carriage cost was a legitimate charge for tax purposes against the profits of the company concerned, and where a company in the Lowlands was prepared to risk a proportion of its distributed profits on such a little venture in the Highlands a considerable proportion of this was paid by the

⁸⁴ Apparently this exercise had not been repeated since the Inverasdale project four years before.

Exchequer, as it would otherwise be taken in tax. This applied to the other costs for such a factory which were chargeable against profits – premises rent and rates, depreciation of plant, maintenance, and so on. Rollo suggested that such a project would have to run at a very heavy loss, before anyone starting it lost the margin of distributed profits after tax. His overall conclusions were that these little factories could provide a direct means of expenditure of Scottish money on Highland development, not only without cost, but with actual profit to the operator. There were few operations in industry which could not be broken down so that certain sections of them could be done even by semi-skilled labour in the Highland area. Only the willingness to try was needed. State inducements were undoubtedly morally due in view of the prospective savings to the State, but they were not essential. If a few industrialists could be found who were willing to make the experiment; their collective findings could undoubtedly present a very strong case for State encouragement for little industries in crofting areas.⁸⁵ Rollo had made his point – a very detailed one; but would anybody be convinced by his argument?

Following further exchanges in the press between Lord Provost Andrew Hood and Sir Robert Urquhart,⁸⁶ the matter of industry in the Highlands was kept in the public eye with comment from others such as James Stuart, the President of the National Union of Manufacturers in Glasgow. He took the generally accepted view relating to freight charges in the Highlands, that manufacturing was not an end in itself, that goods must be sold and where else could consumer goods be sold than to the large populations in the Midlands and the South of England. ‘Freight charges on materials inwards, and goods outwards,’ he suggested, ‘would kill such Highland projects in a comparatively short time.’ Allan Young, Controller of the Board of Trade in Scotland pointed to the various successful industries in the Highlands – Resistance Welders making 95% of their machines at Inverness; a pneumatic drill company at Fraserburgh; the North British Aluminium Company at Fort William and Loch Leven; and also the Shetland Woollen industry; and the Harris Tweed industry, all of which, he suggested succeeded because they obtained their raw materials locally or (repeating Rollo’s point) their processes had a high conversion value which absorbed the high transport charges.⁸⁷ However, with the

⁸⁵ *Glasgow Herald* 12 March 1956, 6.

⁸⁶ *Glasgow Herald* 17 March 1956, 5 and 22 March, 6.

⁸⁷ *Glasgow Herald* 23 March 1956, 7.

exception of the woollen and tweed industries, his examples were all large operations in established Highland towns, which rather missed the point for which Rollo and Urquhart were campaigning, that small industries must be taken to the outlying townships.

Rollo, in fact, was now 'viewing with misgivings the acrimonious wordy duel' which had developed between Sir Robert Urquhart and the Glasgow Lord Provost regarding little industries in the Highlands. Ever the peacemaker, and man of action rather than empty rhetoric, Rollo came up with a proposition to bring the two sides of the debate together. He prefaced his idea with two statements. First, that his recent newspaper article relating to Highland small industry was probably the first factual attempt to put those ideas before industrialists in Scotland, for no one had ever attempted, except in his own 'missionary talks' to business organisations and others, to make a case for the Highlands and little industries; and second, he claimed that the Glasgow business community was not devoid of men of great heart, given the evidence of the wonderfully generous donations of the Glasgow business man to the Highland Fund over the last two years. That action had increased the money available to help the Highlands with long term loans on a non-profit making basis for the development of both crofting agriculture and little industries. Rollo's suggestion to Sir Robert Urquhart and the Lord Provost was that they may care to join in a constructive conference to which should be invited representatives of the County Councils in the crofting areas, and all the other interested bodies. He was also sure that the Council of the Highland Fund would be prepared to sponsor such a conference, and would do so with the ability to put before such an event the very wide experience of Highland Fund members in almost every phase of Highland life, including industry, together with the ability, thanks to that Glasgow businessman, to assist small Highland industries with development loans at a nominal rate of interest. As this was a national problem, on which not only industrialists but the majority of the population of Scotland required enlightenment, he also proposed to bring in representatives of all Chambers of Commerce in Scotland. His experience had been that they were receptive and anxious to help when they knew more of the needs of the Highland

area, of which due to no fault of their own, but to “a conspiracy of silence of many decades”, they were completely uninformed.⁸⁸

The Trades Unions’ ‘Highlands’ view

Concurrent with the arguments in Glasgow about Highland industry was the 59th Annual Conference of the Scottish Trades Union Congress in Perth. The Highlands were also on the Congress’s agenda, where a Highland Authority for the area was being urged by the delegates, and private enterprise was being discounted,

The salvation of the Highlands lies neither in the hands of industrialists
in the West of Scotland, nor in the hands of the Highland Fund,

was the view expressed by General Secretary, George Middleton. He recalled the criticisms by Sir Robert Urquhart of the uninterested attitude of industrialists in Glasgow to industrial development in the Highlands, but could not imagine that private enterprise would establish itself in the Highlands to endure all the difficulties, such as freight rates, that were attendant on industry in remote areas. Of the Highland Fund, Mr Middleton said, it was, ‘... supported by people who considered a little bit of philanthropy might be useful in the Highlands,’ and claimed (as referred to above) that the Highland Fund was ‘very largely a charitable institution’.

There was little hope to be expected from the activities of the Highland Fund. We should not be misled by would be public benefactors. The Highlands require a Regional Authority, financed by the Government to bring about the regeneration of this large part of Scotland.

He suggested that the Congress had long since got away from institutions of this kind. ‘More and more,’ he exhorted his conference delegates, ‘we have to concentrate on a Highland Authority who will plan and execute, and see to it that demands are made on the government for the requisite finance. Without an authority on the lines previously suggested by this Congress, our hopes of

⁸⁸ *Glasgow Herald* 24 March 1956, 6, Letter to the Editor from John Rollo.

rehabilitating the Highlands are not going to get very far.'⁸⁹ On the other hand, as it had been pointed out to STUC delegates in Inverness only six months before, Highland Local Authorities were already pleading for more money, but getting little sympathy from government departments.⁹⁰ At that earlier conference the STUC failed to win the support of their Highland delegates, which suggested that the Congress's Highland policy for a new Authority might not get too far. Ironically, the following week, in contrast to George Middleton's negativity, the Highland Fund's Second Annual Report was published for the year ending November 1955 and showed increased activity and progress, although in Lord Malcolm Douglas-Hamilton's own words, 'this was still only the proverbial drop in the bucket, measured against the huge task of Highland rehabilitation as a whole.' He observed that already the Fund had fully justified itself by demonstrating what could be done to help the small man with a little capital; and continuing their first year's successes, the Fund had added quarrying, glass-working, a way-side teashop, piggery and poultry projects, a market garden and several lobster boat purchases to their list of assisted businesses, in addition to help given to crofters alone.⁹¹

Even the Scottish Office was still prepared to argue with confidence against the STUC's demands for a Highland Authority following the Congress's approaches to St Andrew House after the Trades Unions' conference. In reply to his protestations, Middleton was officially advised that the Secretary of State did not accept the view that the problems of the Highlands could be successfully tackled only by the establishment of a Highland Authority of the kind proposed by the Scottish Trades Union Congress. Such an Authority had already been rejected by the latest Royal Commission on Scottish Affairs [1954], and their rejection accepted by the government. The government's 'current progress in Highland Development' had been described in Clause 5 of the White Paper of 1955 on Industry and Employment in Scotland⁹²; and the new Crofters Commission was now charged with the function of 'reorganising, developing and regulating crofting

⁸⁹ Glasgow Caledonian University Collection; Archives, Scottish Trade Union Congress Archive; 59th Annual Report of the STUC 1956, Consideration of General Council Report, Address by General Secretary, George Middleton, 237/238; and *Glasgow Herald* 19 April 1956, 1.

⁹⁰ *Inverness Courier* 4 October 1955 p.3, *Glasgow Herald* 1 October 1955, 6.

⁹¹ *Glasgow Herald* 23 April 1956, 8 quoting the Annual Report of The Highland Fund Ltd for the year ending November 1955.

⁹² Parliamentary Papers, Industry and Employment in Scotland, 1955 (Cmnd 9737).

in the Crofting Counties of Scotland, and of keeping under review all matters relating to crofting.' The Scottish Office rebuttal went on,

You will no doubt also have noted the formal opening recently of the first factory on the Board of Trade Industrial Estate at Inverness; a second factory is being built, and a third was recently approved. Steps are also being taken to encourage the development of industry in other parts of the Highlands. The seaweed industry in particular is growing and premises for the treatment of weed have been erected or are in course of erection at Gairloch, Corpach and in North Uist.

The Scottish Office also assumed that the STUC would be aware of the intention of the Scottish Council's recent announcement, to set up after consultation with the Advisory Panel, a Committee which would be concerned exclusively with the promotion of suitable economic and industrial development in the Highlands and Islands, and that the government departments concerned would assist the work of this committee as far as possible. Practical evidence of government-influenced development was added in a statement that the Hydro Board in 1955 had connected thirty-four new industrial consumers including, three boat yards, two barrel factories, one iron foundry, two seaweed factories and six fish processing works; and that the Chairman of the Board had played a considerable part in attracting the project of Amalgamated Electronic Industries Ltd to Buckie, for which a factory was provided, with government assistance, under the special arrangements for the Buckie / Peterhead area.⁹³

Glasgow conference – clearing the air?

John Rollo's Highland Fund Conference to discuss the case for small industries in the Highlands was soon convened in Glasgow and given an air of distinction by being chaired by Tom Johnston, Chairman of the Hydro Board. During his obligatory presentation, Sir Robert Urquhart provided several business suggestions for industrialists, one of which was to set up depots at suitable locations for final processing and packaging in the north, perhaps at Stornoway,

⁹³ NAS DD10/440 26 July 1956 Letter W.W. Gauld, Secretary of State's Private Secretary to George Middleton, following the 59th STUC Conference at Perth.

Lochmaddy, Portree, Ullapool, Lairg, Thurso or Wick, Kirkwall or Lerwick. As timber quantities were now increasing, he suggested there must be firms which could move closer to the source of timber, and perhaps register in advance with local authorities to allow for planning. He asked why Shetland, for example, could not have a greater share of the hosiery industry; and why tartans and other Highland goods should be made in the South, with so little in the Highlands. Perhaps there could be a formal claim for the diversion of a larger share of hosiery and clothing industries to the Highlands? If not, the Highland authorities may be driven to inviting friendly overseas interests to come to manufacture goods with a new trade mark, for example, 'Made in the Crofting Counties'? Sir Robert publicly disagreed with George Middleton following his recent STUC comment that, 'an appeal to private businessmen would not elicit the answer to the Highland Problem'. Urquhart regretted he had not yet been able to exchange views on the matter, but confirmed that crofters did not expect industry to provide more than a small part of their solution, and that a measure of mechanical industry would be essential for a healthy revival of the Highlands. Sir Robert emphasised that such a revival could be provided 'more quickly and more effectively by individuals exercising initiative and resource in full variety, than by any regulation devised and applied by an official department,' adding, 'I trust that you [the audience] will prove me right,' – comments which suggested that Sir Robert was putting some distance between himself and the STUC's ideas for a new Highland Board or Authority.⁹⁴

John Rollo repeated much of the content of his recent press article to the conference before suggesting there were new projects in the Highlands ready for development, and also old opportunities which could be revived. He was satisfied that, 'the gospel' which he had been 'practising and preaching for the last sixteen years, was now being preached by others,' and his basic message, 'A little factory employing a few people could save a crofting community from death,' had been his justification for instigating the Conference. He confirmed that The Highland Fund was available to help with capital loans for suitable small projects, aiming more comment at George Middleton, when he declared,

⁹⁴ *Glasgow Herald* 23 April 1956, 7.

The Highland Fund, which is no charity, but a non-profit making organisation, was giving help throughout the Highlands by means of long term, low interest rate loans – do as I have done, and try a little bit of adventure and faith.

Andrew Hood, the Lord Provost of Glasgow was convinced that the long term policy for the Highlands would have to depend on action by government. This meeting would add pressure for the government to recognise ‘our Highland problem’ and bring about the practical policies required ‘to accomplish our goal’. Sir David Robertson, MP (Caithness & Sutherland) challenged that view, and although he had never expressed any support for the Highland Fund in the past, offered the opinion that, ‘This is a job for private enterprise. The government have done a great job in the past twenty one years.’ He proposed setting up a committee to offer assistance – perhaps the politician’s ubiquitous solution in such circumstances – but John Rollo immediately interceded with, ‘No, if anybody wants help – just ask the Highland Fund.’⁹⁵

Did the conference achieve anything more than ‘clearing the air’ between Sir Robert Urquhart and Provost Andrew Hood? There was a suggestion of private inquiries already having been received from industrialists since Sir Robert began his campaign in the correspondence columns of the *Glasgow Herald* in March, and a few more in the aftermath of the conference. This was judged by the *Herald* editor to be sufficient encouragement for others to look again at the resources which the Highlands had to offer; going on to suggest that,

There had been an encouraging emphasis at the conference, of the high quality of labour available in the Highlands. The existence of a potential semi-skilled work force had been well known; but what might have been made of it was a question too frequently dismissed on inadequate evidence of capabilities. Sir Robert Urquhart himself had previously pointed out the need for assistance in training crofters and their families, in the techniques required to exploit the new power resources of the Highlands. At the conference too, he had made

⁹⁵ *Glasgow Herald* 24 April 1956, 7.

particular proposals, for example, to offset high transport costs sustained by firms supplying goods to the Highlands, by establishing local depots to carry out final processing and packaging: this was already happening, but might be profitably expanded. His hopes for the local processing of timber were self-evidently for the future, when the current plantations had matured. The textile industry was one to which Sir Robert had turned his attention, as indeed had the existing government and industrial authorities. His interest in the Shetland hosiery industry might have been related to a recent report by an English tweed manufacturer, appointed by the Secretary of State for Scotland, to conduct an enquiry into the enterprise. It was found that not the least of the difficulties was to persuade the Shetlanders to work in the factories; but these difficulties of organisation were primarily a matter for local action. The successful organisation of the Tweed Industry in Lewis and Harris provided a pattern for more general emulation, indeed, prior to the conference, Sir Robert Urquhart had returned from Lewis where crofters had invested £150,000 in looms with their own money, and had commented that their exports were an asset to the country as a whole.⁹⁶

On that occasion also, Sir Robert Urquhart had thanked the *Glasgow Herald* editor for the publicity his newspaper had provided to the need for little industries in the Highlands, publicity which had now been amplified by Rollo's Highland Fund Conference.

One venture which it could be claimed followed on from Rollo's conference was a joint initiative between the Scottish Council (Development & Industry) and the Highland Fund to identify and publish a list of possible sites for small industries around the Crofting Counties, and this was available in March 1957,⁹⁷ just before publication of the Highland Fund's third annual report. The Fund's loans had now reached a total of over £100,000 with a continuing satisfactory small bad debt ratio, but John Rollo diverted attention from this success to warn

⁹⁶ *Glasgow Herald* 27 March 1956, 6.

⁹⁷ *Glasgow Herald* 23 March 1957, 3 - 'Industry in the Highlands - List of Sites to Aid Firms'.

against the possible air of complacency which could develop in the north because of the coming of the atomic power station to Dounreay on the Caithness coast, the major Hydro-electric scheme at Loch Shin, near Lairg, and the proposed rocket range which was being planned by the Defence Ministry for South Uist. 'There was a view,' he suggested 'that such major developments would put the Highlands and Islands well on the way to recovery'; but Rollo saw only immediate local benefits in such schemes – benefits which would soon pass leaving the persistent problems of lack of work and too few people in the vast remainder of the Crofting Counties. The Highland Fund's Annual General Meeting also highlighted allegations that the government were thwarting the Fund's efforts to raise money for their purposes from their supporters in North America. One American businessman prepared to donate a substantial sum, had been told at the British Consul-General's office in New York that the Fund did not have the approval of the government, despite the fact that the Fund's chairman Lord Malcolm Douglas-Hamilton had received assurances from the Secretary of State that there would be no government objections to the Fund. When John Rollo had taken up the question with the head of the Government Department concerned, he was told that while the government did not approve of the Highland Fund, neither did they disapprove of it – 'a semi official attitude of obstruction' which had 'shocked' Malcolm Macmillan MP for Western Isles.⁹⁸ Lord Malcolm Douglas-Hamilton who was now permanently resident in the USA and president of the North American Fund's newly reconstituted organisation, the American-Scottish Foundation, which aimed to popularise the Highland Fund in the USA, admitted that while this was true, it was not the whole picture. 'The British Government do not give all the help the Fund could wish for,' was his opening polite response, but he went on to explain that, 'for instance, when would-be American donors asked British officials whether the Highland Fund had the approval of the British government, they were told that it had not. They were not told that while the Fund was a non-official organisation, it did have the moral backing and "blessing" of the authorities in Britain.' He also admitted that the sending of American dollar gifts to Britain for use by the Highland Fund was hampered in America by the fact that such remittances were not exempt from payment of income tax. In confirming the Fund's present

⁹⁸ *Glasgow Herald* 19 April 1957, 5 Report of the AGM of the Highland Fund Ltd for the year ending November 1956.

position to *The Times*, Lord Malcolm went on to explain that, 'Although the Highland Fund was not a charitable organisation, but a body aimed at the economic development of the Highlands, the American-Scottish Foundation was a tax exempt institution because it simply sought to stimulate American interest in the Highlands and their future. Any funds paid to the Foundation were tax free, but were simply used to publicise the cause of the Highlands in the USA. Since the American-Scottish Foundation had begun operating in 1956 it had tried with a moderate degree of success to enlist support of wealthy American citizens of Scottish descent; but so far as direct dollar contributions to the Fund in Scotland were concerned, these had been a "trickle" mainly because they were subject to tax at source.'⁹⁹

Lord Malcolm's 'Highland funding' activities had started with problems in the USA in 1952, and though these were still rearing their head five years later, the difference now was that in the interim, his original idea of a 'Highland Fund' had indeed taken off with proven success. The question asked in the introduction to this chapter was, 'Could the "secondary occupation" in the Highlands now be encouraged in a modern form, and how could the problem of initial credit for crofters and others be overcome to encourage such "small" developments?' Judging by the Highland Fund's third annual report, it was hard to deny that an answer had been found. Lord Malcolm Douglas-Hamilton's original idea and (sometimes naïve) enthusiasm, together with John Rollo's practical experience and business acumen, not forgetting the all-important financial benevolence of Herbert Ross, had produced a small organisation capable of helping an important local level of the Highlands and Islands' population which government agencies simply could not reach. In the same way that John Rollo had claimed that in the 1940s he had received no business encouragement locally from the likes of the Scottish Council (Development & Industry) whose sights (he alleged) were set on attracting large scale American industries rather than encouraging smaller scale native initiatives, in the mid-1950s the aim of the Board of Trade in Scotland was to provide tenants for new industrial estates created at existing centres of population. Accordingly, Inverness was their target in the North, but they met with only very limited success. Like other elements of the 'Highland problem', specific remedies

⁹⁹ *The Times* 23 April 1957, 8.

were required which differed fundamentally from the essentially 'British' or 'Lowland Scottish' policies produced by a Westminster government. Indeed, as we have already seen, it had been Lord Malcolm who, insisting on additional expenditure for the Highlands, was told in the House of Commons in March 1953 that 'the Highlands of Scotland will have to bear up as best they can.'¹⁰⁰

Scottish Office's re-assessment of the Fund?

In 'bearing up' as best they could, those with an interest in the Highlands and Islands produced the Highland Fund, but in its first few years the Fund received little, if any 'official' recognition from government. Perhaps this was because of clashes of personality? Lord Malcolm's apparently eccentric lobbying of the government could not have helped the Fund's cause. The occasional references in government files to John Rollo's 'Nationalist' sympathies¹⁰¹ might have been reason for 'official' suspicion. On the other hand, Rollo was able to demonstrate early support from Thomas Johnston and Thomas M. Taylor, Chairman of the Commission of Enquiry into Crofting; but what was equally demonstrated was that the Fund's efforts were making progress.

In 1958, one of the 'clashes of personality' disappeared as Lord Malcolm resigned as chairman because of his permanent residence in the USA, and he stepped out of the Fund's limelight. Selection of his successor was closely monitored by the Scottish Office who hoped that the Duke of Argyll, a friend of the Secretary of State, might inherit Lord Malcolm's role. The Duke had in fact requested a meeting with the Secretary of State which caused the government to reconsider in some detail 'the relationship between the Highland Fund and St Andrew's House' –

There ought to be a rapprochement with the Highland Fund since they have £50,000 of the Ross Trust donation yet to commit by way of loans, with the prospect of more to come. As I urged in my minute of 10 September the Highland Fund are eager for better relations with St

¹⁰⁰ *Hansard*, Volume 512, Column 1091, 9 March 1953,

¹⁰¹ NAS SEP12/67 Memo 18 February 1959 from JSG to N.E. Sharp.

Andrew House. The Secretary of State ought then to reply to the Duke of Argyll urging him to accept the Chairmanship of the Fund¹⁰²

The Secretary of State agreed to meet the Duke of Argyll, and the details of their meeting were subsequently discussed by Sir Alexander Glen and W.S. Murrie of the Scottish Home Department whose 'Minute' became the collective 'verdict' of the Scottish Office opinion of the Highland Fund. Murrie confirmed that the Duke of Argyll was a member of the Council of the Highland Fund and Chairman of the Highland Fund (England) Association, and that it was therefore reasonable to assume that the Duke knew what he would be taking on in accepting the chairmanship of the Fund, in relation to the other members of the Council, and the financial stability of the Fund. 'The Duke was not seeking advice on this, but an attitude of the Scottish Departments to the Fund,' and this was considered in relation to six "main points":—

(a) When the Fund was first established in 1954 their propaganda suggested that they had been brought into existence to meet deficiencies caused by the failure of the Government to help the Highlands and in particular Lord Malcolm Douglas-Hamilton took this line when he went to the United States to collect money. The only action taken by the Scottish Departments on this was to tell the Foreign Office in response to enquiries from them that UK representatives in the United States should be warned that the propaganda was misleading.

(b) Objection was taken to the activities of Lord Malcolm Douglas-Hamilton in the United States by the Scottish Council, who felt that these activities were prejudicing the work of their United States Committee.

(c) Mr Rollo, the Vice-chairman of the Council, has in the past been closely identified with the Scottish Nationalist [sic] Party and in public

¹⁰² NAS SEP12/67 Note, 6 November 1957, JSM to Mr Law, SHD attaching a previous minute of 10 September 1957 on APH/PD/57 [relating to the Duke of Argyll's position].

has been critical of the extent to which Government assistance has been given in the Highlands.

(d) The Highland Fund have not asked for any Government recognition or blessing, nor have they ever invited a Scottish Minister to attend any of their meetings. On the other hand, neither the Scottish Departments nor the Highland Panel have ever brought the Highland Fund into consultation on Highland problems, and without showing overt hostility we have been at pains to avoid any steps that might allow the Fund to claim it had government support.

(e) It is believed that relations between the Crofters' Commission and the Highland Fund are friendly and the Commission consider that the Fund can from time to time help in deserving cases which are outside the scope of the Commission's functions.

(f) The fund is largely dependent on the Ross Trust. In 1956 their total income was £55,000, of which £50,000 came from the Trust. We understand that since then the Trust have offered another £50,000 and have indicated that more may be available. Other sources of income appear to be negligible.

Further, Murrie considered the objectives of the Fund to be 'unexceptionable' and there was no doubt that 'in a limited way the Fund had done some good work in the shape of helping small people whose needs could not be covered by official schemes. But it seemed inconceivable that the Fund should ever manage to raise resources on a scale to do anything big and indeed there was some danger that it may get into financial difficulties.' He suggested that if the Secretary of State, in replying to the Duke of Argyll, indicated that the Government attitude to the Fund was now more reasonable, this may well lead to:—

requests for a Minister to appear at a function organised by the Fund and give his blessing to the Fund's activities. Ministers are from time to time asked to do this by bodies such as the Carnegie Trust;

requests for the Fund to be brought into consultation by the Departments on Highland problems; and

requests for Government assistance to enable the Fund to carry on activities for which they have exhausted their resources, or a demand that Government should come to the aid of the Fund if they get into financial difficulties.

Murrie thought that requests relating to functions might prove embarrassing but would not give rise to serious difficulties. On the other hand, it would be a much larger and more difficult step to regard the Fund as one of the consultative bodies on Highland affairs, and that should be avoided, and '... as regards Government financial assistance, we should certainly have to refuse such requests.'

The decision was reached that the Secretary of State's best course would be to speak to the Duke of Argyll rather than write to him and the line to take was,

... it is quite true that the propaganda of the Fund in the early stages especially in the United States was felt to be misleading, but that there is no question of hostility or suspicion of the Fund and that though we have no intimate knowledge of the Fund's activities, since, as the statement of the Fund's aims shows, they are outside the official sphere, we do not doubt that it does useful work and we would not wish in any way to discourage it. The Duke will, however, recognise that there could be no question of a Government grant to the Fund, or of giving the Fund any official Government recognition of the kind enjoyed by, for example, the Highland Panel.¹⁰³

In the course of this government review of their relationship with the Fund some favourable opinions emerged, for example,

¹⁰³ NAS SEP12/67 Minute, 11 November 1957, 'The Highland Fund Ltd', from W. S. Murrie, Scottish Home Department, to the Under Secretary of State for Scotland; and associated correspondence p.4, - 29 November 1957.

Mr Macpherson has seen a copy of Mr Murrie's minute of 11th November about the Highland Fund and has commented as follows:-

'I hope very much that nothing will be done to discourage good people from taking an interest in the Highland Fund, which might quite easily prove in the end to be a far better instrument than the Scottish Council for helping the Highlands and filling in the undoubted gaps in the help that government gives or indeed that any government could give.

'I agree that we should make it plain that the Highland Fund must not expect anything more from the government than its benediction; but I fail to see why that should be withheld. The more non-governmental agencies, the better – unless "we are all Socialists now".'¹⁰⁴

The final word rested with the Secretary of State's meeting with the Duke of Argyll –

The Secretary of State saw the Duke of Argyll yesterday afternoon. He explained to him on the outlines of Sir William Murrie's note of 11th November that, while there had been difficulties at the start, the Department had no feelings against the Fund, but that there was no question of giving it any official recognition or, particularly, any Government grant. The Duke entirely agreed with this position The Duke of Argyll also said that he was thinking of going to America to drum up subscriptions, and the Secretary of State counselled tact particularly in relation to the overseas work of the Scottish Council. The early activities of the Fund in America had aroused some ill-feeling and the Duke indicated he was fully aware of this difficulty and would try to avoid crossing any lines.¹⁰⁵

¹⁰⁴ NAS SEP12/67 Memo, 12 November 1957 from I.L. Sharp to Mr Mackay, Scottish Home Department.

¹⁰⁵ NAS SEP12/67 Memo, 29 November 1957, 'The Highland Fund Ltd', W.W. Gauld to Mr Mackay, Scottish Home Department.

In the event, it was John Rollo who was appointed to be the Highland Fund's new Chairman, with Thomas Johnston becoming Honorary President, and the Duke of Argyll along with Sir Thomas Taylor, becoming Honorary vice-Presidents.¹⁰⁶ The Highland Fund entered its fifth year with one of its vice-presidents, the Duke of Argyll, having been officially advised that the Scottish Office had no feelings against its existence, although the evidence suggested there was perhaps a reluctant recognition in 'official circles' that the Fund was reaching areas of small business activity in the Highlands and Islands which the government could not. It would take another six years before the Scottish Office would take John Rollo by surprise, and welcome the Highland Fund's assistance in just such a venture. The emergence of the Highland Fund's official role in the 'Treasury Loan Scheme will be discussed in chapter 4.

¹⁰⁶ The Highland Fund Ltd Annual Report, March 1958, for year-ending 30 November 1957.

CHAPTER THREE

Scottish Office 'Highland' Initiatives (i) 1959-1962

Introduction

With their creation of the Highlands and Islands Advisory Panel in January 1947, Government officials in Scotland had recognised the need for a more concentrated focus on their policy for the Highland regions. The Panel members tendered their advice through their own working groups and Chairman to the heads of the various departments in the Scottish Office in Edinburgh. The government responsibilities relating to the Highlands and Islands were numerous, and over past years a specific 'co-ordinating committee' had operated within the Scottish Office to maximise the efficiency of the departments' combined efforts. By 1952, there had been demands from Sutherland County Council and the Scottish Trades' Union Congress for the creation of a 'special development authority' to deal with the Highlands' many problems. Lord Home, recently appointed as Under Secretary of State for Scotland, met these calls with internal considerations to improve 'inter-departmental liaison, and to put co-ordination on a more formal basis.'¹ The result was the creation of a 'Highland Committee' towards the end of 1952, with its own Terms of Reference:-

To maintain general oversight of progress in carrying out the approved programme of Highland Development and in the investigation of further means of promoting development, with a view to ensuring concerted action as necessary by Government Departments and other agencies and to making periodic reports.

The Chairman was A. J. Aglen of the Department of Agriculture and Fisheries, and the Department of Health for Scotland, the Scottish Education Department, the Forestry Commission, and the Scottish Information Office were represented.²

Nearly ten years later in 1962, there were grave reservations about the effectiveness of this long standing Highland Committee. The Scottish Home

¹ National Archives of Scotland [NAS] SEP12/97 Minutes of Highland Coordinating Committee meeting 10 November 1952.

² NAS SEP12/97 Memorandum 29 November 1952 from J. Anderson to Coordinating Committee members confirming their new constitution as the Highlands Committee.

Department, which held several responsibilities, did not have a regular representative, and the regular absence of others meant that the Committee's sense of continuity was being lost. It was suggested that this Highland Committee was 'Ministers' only defence against the accusation that Highland affairs go uncoordinated', with the further observation that coordination of the Scottish Office's role in Highland affairs would be needed more and more in the future given several pending matters: the Highland Transport Enquiry, Highland Development and the duties of Development Officers, the Highland Panel's Norway Report, the re-appointment of the Highland Panel, and in a wider perspective, even an imminent General Election.³ The Highland Committee was also accused of having become merely a piece of machinery for coordinating the views of St Andrew's House Home Department on what should be said at meetings of the Highland Panel.⁴ This chapter, however, will demonstrate a new urgency from Scottish Office staff responsible for Highland policy, at a time when the government's Scottish focus was apparently towards the encouragement and renewal of industry in the Central Lowlands. The three key sources of Highland urgency over the next eighteen months would come from the conclusions of the Highland Panel's fact finding tour of Norway, the efforts of the newly appointed Secretary of State Michael Noble, and perhaps surprisingly, John Rollo and his Highland Fund.

Toothill Report and the 'Lowland' focus

Concurrent with the scrutiny of the Highland Committee's alleged shortcomings in April 1962, the Departmental structure of the Scottish Office was being partly dissolved to create two new Departments. The work of the Scottish Home Department and the Department of Health for Scotland would now be re-apportioned into the Scottish Home and Health Department, and the newly created Scottish Development Department.⁵ These changes had been brought about by the outcome of the Toothill Inquiry in 1961 which had been appointed by the Scottish

³ NAS SEP12/97 Memorandum February 1962 R.H. Law to Mr Whitworth regarding the Highland Committee. The latest date for the next general election was October 1964.

⁴ NAS SEP12/97 Memorandum 2 April 1962 A.J. Aglen to R.H. Law.

⁵ Ian Levitt, 'The Origins of the Scottish Development Department 1943-62', *Scottish Affairs*, 14 Winter, 1996, 42, 56-59.

Council (Development and Industry) to examine Scottish economic prospects.⁶ The Toothill Committee admitted that 'one of the principal reasons for [their] appointment' was that unemployment rates in Scotland for many years had been consistently double those in Britain', and it was perhaps not unreasonable that their attentions tended to focus on the difficulties being faced in the industrial heartland of Scotland's Central Belt, where, for example, the future of such traditional industries as mining and shipbuilding was giving cause for concern. At its outset, however, the appointment of the Toothill Inquiry was generally welcomed, as it was widely understood to be an enquiry into the 'Scottish economy' and would refer to the whole of Scotland. From a Highland perspective, Lord Cameron, chairman of the Highland and Islands Advisory Panel, contributed to serialised anticipatory 'Toothill' press coverage with suggestions that tapered freight charges could assist the Highlands; that a Highland economy on a sound footing must depend chiefly on the utilisation of native resources, and be supplemented by industry which was not significantly affected by transport costs.⁷ Following the publication of the Toothill Report, however, there was criticism from many sources of the Report's concentration on business in the Central Lowlands and of its failure to deal with 'the Scottish Economy' as a whole. The omission of the consideration of any specific Highland perspective was picked up vehemently by several critics. J.M. Bannerman, Chairman of the Scottish Liberal Party, a prominent activist on matters relating to the highlands and strong supporter of Scottish home rule, thought the Toothill recommendations would 'merely intensify the top heavy character of industrial Scotland in relation to its rural population and enterprise, and emphasise the social and economic evil of maldistribution of Scotland's population', pointing out that the seven Highland counties which covered half the land surface of Scotland housed only a little over 4% of the population. He thought Toothill's report equally irrelevant to the Borders – 'another great area of decreasing population'. He suggested that the Inquiry's recommendations were so comprehensive that they could only be effectively achieved by a new executive body with its own Scottish finance. Its suggestion to merely set up another government department was 'to further underline Parkinson's Law in our sorry

⁶ *Inquiry into the Scottish Economy 1960-1961* under the chairmanship of J.N. Toothill, Esq., C.B.E. (2 October 1961) Preface [Toothill Report].

⁷ *Glasgow Herald* 15 June 1960, 8 - Prospect for Scotland (II) - Resources of the Highlands by Lord Cameron.

servile State'.⁸ The National Farmers Union criticised the Toothill Report for ignoring agriculture, fishing and forestry, having commented exclusively on the needs of manufacturing industry in the narrow central belt of Scotland, suggesting that if they regarded their remit as restricted to one section of the economy and one area of the country, they should have made it clear at the outset, so that those interested in other questions could look elsewhere for support.⁹ The Scottish Trades Union Congress later added that Congress had 'largely written-off Toothill's comments as patently a businessman's report, founded on the philosophy and beliefs of unfettered private enterprise.'¹⁰ Similarly, Toothill was accused of ignoring the hotel and tourist industry with an accusation that the importance of this industry was not sufficiently recognised by government or people in general, although its contribution to the economic life-stream of the country was considerable.¹¹

In fact, Toothill did have an isolated note fairly early in the Report stating that, the Highlands and Islands depended mainly on agriculture, forestry, fisheries and the tourist industry, and that the chief manufacturing industry is woollen textiles.¹² But in the remainder of the Report, no mention was made of the highlands and the solutions offered by the Report were not seen as relevant to the region. This was taken up by the *Inverness Courier* and the chairman of the Crofters Commission Sir Robert Urquhart. In an address to the Inverness Chamber of Commerce in March 1962, Toothill had explained that the economic problems of the Highlands and Islands had been beyond his Committee, and that in the time at their disposal a detailed review of industry, or production of regional reports had not been possible. The *Courier's* retort simply acknowledged that the Committee had been a fine body of men for surveying the economic problems of 'Big Business in the Lowland Industrial Belt', but was not sufficiently equipped by knowledge and experience, nor sufficiently unbiased in their work, to produce a report of any use to Scotland as a whole, despite the result bearing the title 'Report of the Scottish

⁸ *Glasgow Herald* 23 November 1961, 6.

⁹ *Glasgow Herald* 23 November 1961, 16 Comments of H.G. Munro, General Secretary of the National Farmers' Union.

¹⁰ *Glasgow Herald* 1 December 1961, 8 'STUC attack the Toothill Report'.

¹¹ *Glasgow Herald* 25 November 1961, 6, Letter from O.F. Marchesi, General Manager, Clydesdale & County Hotels, Dundee.

¹² Toothill Report para 3.13.

Economy'.¹³ Sir Robert Urquhart had also attended Toothill's address in Inverness. To a question from Sir Robert relating to Highland development, Toothill replied that,

As regards capital investment, there was no doubt about it that what the Committee recommended was to 'back success', and not spend too much time on problem areas in which we thought there would be no success. They would recommend a successful proportion in the Highlands just as anywhere else. It might be better to have vast motor roads rather than to improve rail services, but they would not recommend one over the other without having a careful look.¹⁴

Sir Robert saved his considered response for a week later, in a letter to the *Inverness Courier*, in which he condemned the Toothill Report and Toothill himself, in no uncertain terms, 'Here was a man, it seemed who, if given his way, would finish off the job that the Duke of Cumberland began.' In more restrained tones he thought that the Report did not have national quality; but that there was no call for the Highlands, less still for the North East and the Borders, to fret about it, so long as they put their backs into the various jobs lying in hand. He suggested the Report would serve some useful purpose in the industrial belt, where there was a good deal of dead wood that could be cut out without risk to the balance of payments; but he thought it a pity that the Report was given such a phoney title, and that something better was required for qualification as a report on the Scottish economy, with a final comment that, 'One must question whether such a report could be produced in separation from the rest of the United Kingdom'¹⁵ – perhaps suggesting that just as the Highlands, North East Scotland and the Borders should be considered integral to a 'Scottish' economy, so Scotland in turn should be treated as part of the British equation.

The feeling of a lack of any 'Highland friendliness' in the Toothill Report, and its apparent emphasis towards the Central Belt was also evident inside government

¹³ *Inverness Courier* 30 March 1962, 6, Editorial account of John Toothill's address to the Inverness Chamber of Commerce.

¹⁴ *Inverness Courier* 30 March 1962, 7, Report of John Toothill's address to the Inverness Chamber of Commerce.

¹⁵ *Inverness Courier* 10 April 1962, 3, Letter to the editor from Sir Robert Urquhart, Chairman of the Crofting Commission.

at St Andrew's House. A reorganisation of departments as recommended by Toothill was, perhaps, the likely cause of such feelings. It was Toothill's opinion that the distribution of departmental responsibilities was 'not well calculated to promote the coordination of activities related to economic development', that such activities could not satisfactorily be brought under any of the existing departments, and that the importance of these subjects warranted the creation of a new department which would be responsible for those functions of the Secretary of State most closely related to economic affairs. Toothill did not define which functions should be transferred to a new department, but thought they should at least include the Secretary's non-statutory responsibility for the general oversight of the Scottish economy, and his statutory functions relating to Town and Country Planning, Roads, Electricity and Water.¹⁶

However, a specific 'economic' department was beyond the remit of the Scottish Office's devolved duties, and another 'separate' department was out of the question. After further discussions, notably a 'brief talk' between Toothill and Under-Secretary of State W.S. Murray at the Scottish Office, during which the former further explained his idea that something should be done to bring under a single head the industrial, roads and electricity functions and those relating to Town and Country Planning, a compromise was reached to re-allocate departmental responsibilities.¹⁷ The Toothill Report's emphasis on the Central Belt was especially recognised by those in the Scottish Office with responsibility for Highland affairs when they saw the new Scottish Development Department taking on responsibility for Planning, Electricity, Industry and Development, and had also learned that the Minister of State, Lord Craigton, had concluded that the new Toothill Steering Committee within the Scottish Office 'will consider themselves responsible for the action being taken on "Norway"¹⁸ either by themselves or by any other body whom they consider to be appropriate'.¹⁹ That had not been the original course of action suggested by those with 'Highland' responsibilities. The recent exploratory visits to Norway, regarding development

¹⁶ Toothill Report, para. 22.17.

¹⁷ Toothill Report, 176/7, Ch 22, paras. 18, 19 and 20; and NAS SOE1/182 26 March 1962 W.S. Murray's confidential record of his 'brief talk with Mr Toothill'.

¹⁸ This was the Highland Panel's exploratory visit to Norway dealt with in the following section

¹⁹ NAS SEP12/219/116 Minute 26 March 1962, from Minister of State Lord Craigton to Mr Hamilton, Department of Agriculture and Fisheries Scotland, 'Highland Panel's Report on Norway'.

policy there, and subsequent reports had been a Highlands and Islands Advisory Panel initiative, and the Highland Committee within the Scottish Office fully expected to take a leading role in implementing any proposed new developments. The internal view now was that the new Scottish Office organisation especially intensified the difficulties in dealing with Highland development subjects. 'Development' was now to be grouped in one [Scottish] block and Highland co-ordination was outside it. 'I think it is quite clear where the weight lies,'²⁰ was an additional comment by R.H. Law a Highland Committee member, perhaps suggesting a suspicion of preferential treatment towards the Central Belt. The same sentiments were echoed to the Secretary of State,

For some time I have been rather worried about the effect on our Highland policy of policy decisions taken...by Ministers in relation to Scotland as a whole [which] may undermine to a considerable extent our policy for the Highlands. There are indeed some matters on which decisions taken are in direct conflict with the Highlands policy as set out in the White Paper of 1959 to which the Government is committed.²¹

These comments developed to suggest that the Highland Committee should be regarded as an Executive Committee at Assistant Secretary level, to be responsible for the detailed examination of Highland Panel Minutes and agenda as was its present duty; but that a further Highland Committee should be created at Under-Secretary level which would discuss current looming problems. Discussions were taken further – to the 'Heads of Departments', who agreed that although the Highland Committee did much useful work, there was also a need for consideration at a higher level of larger issues affecting the Highlands. These included transport, the review of forestry policy, hill farming, and the forthcoming Report of the Mackenzie Committee concerning possible merger of the Scottish electricity boards. These topics raised policy-making issues that ought to be considered at Under-Secretary level, and where necessary, jointly by the Department of Agriculture and Fisheries and the Scottish Development

²⁰ NAS SEP12/97 Memorandum 26 April 1962 R.H. Law to A.J. Aglen.

²¹ NAS SEP12/97 Memorandum 20 June 1962 from A.J. Aglen to Secretary of State, 'Highlands'.

Department. In particular, the draft of the MacKenzie Committee Report had raised again the question of a Highland Development Authority, and it would be necessary to take the initiative to make sure that the MacKenzie Committee knew the relevant facts [concerning the Highlands] before they did further work on this draft.²²

The Norway report

In 1962, a significant 'relevant fact' relating to the Scottish Office's work for the Highlands and Islands was the consideration being given to the Report of the Highland Panel's visit to Norway a year earlier, when Panel members witnessed for themselves how rural development had been achieved there through, for example, the work of development officers and creation of growth areas. Since October 1959 there had been significant correspondence exchanged between Frank Spaven at the Department of Health for Scotland, and the Royal Norwegian Ministry of Foreign Affairs relating to the successful development of areas especially in north Norway following the end of the Second World War in 1945.²³ Spaven had also attended in July 1960 a Symposium at Siljan, Sweden, relating to rural development, after which he stayed on in Scandinavia, 'to get some idea how regional planning was working, how research was being applied to it, and how specifically "Highland" type problems were being tackled.' Spaven was impressed with what he found in both Sweden and Norway. He recorded that the most striking feature about the planning there was both countries' freedom to experiment and find proper solutions to their own problems. Their decentralised administrations were based on quite small local units within very large provinces, which were about to get increased powers; they had a rational, though not cynical approach to rural problems; and they accepted the need to do something for the obviously viable communities, and not waste time and money on the others.²⁴ The implication was that significant decisions were taken locally to suit specific circumstances. Such decisions for the Highlands & Islands areas would require approval from Edinburgh or even London. More significantly perhaps, the idea of

²² NAS SEP12/97 Extract from Minutes of a Meeting of Heads of Departments 25 June 1962 to discuss the role of the Highland Committee.

²³ NAS SEP12/218/1 Memorandum October 1959, from the Royal Norwegian Ministry of Foreign Affairs Press Section to F.D.N. Spaven, Department of Health for Scotland.

²⁴ NAS SEP12/218/4 & 5 Spaven's paper 'Recent Settlement in the Highlands of Scotland' presented to a Symposium at Siljan, Sweden, July 1960.

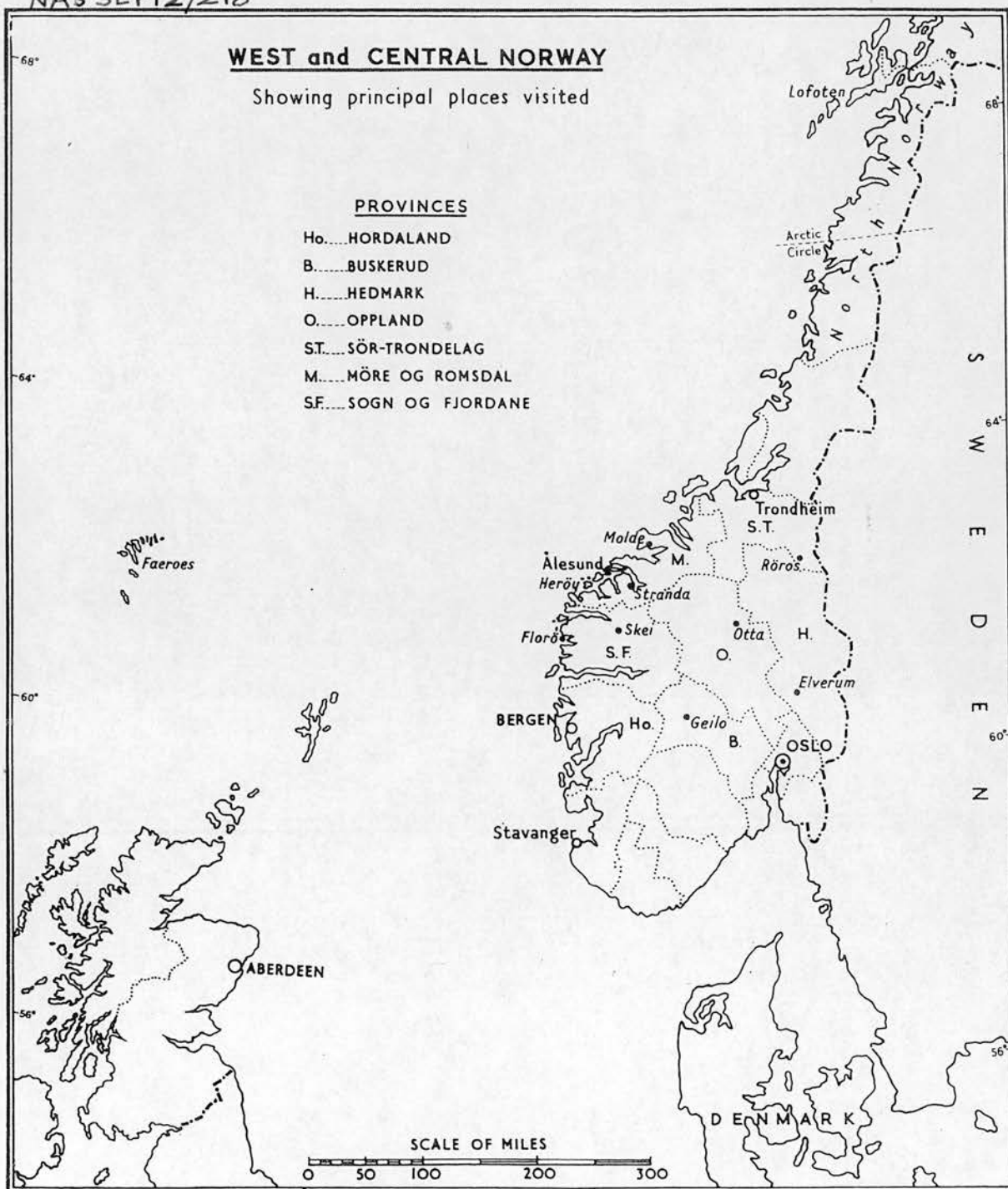
NAS SEP12/218

WEST and CENTRAL NORWAY

Showing principal places visited

PROVINCES

- Ho.....HORDALAND
- B.....BUSKERUD
- H.....HEDMARK
- O.....OPPLAND
- ST.....SÖR-TRONDELAG
- M.....MÖRE OG ROMSDAL
- SF.....SOGN OG FJORDANE



'not wasting time and money' on non-viable highland or island communities and encouraging them to move elsewhere could be construed by public opinion in the Highlands as 'clearance', and not an implication likely to be encouraged by British authorities. Spaven also noted the extent to which Scandinavian plans and policies were based on research. Indeed, around this time some members of the Norwegian parliament, in their role as the Norwegian Parliamentary Transport Committee, were in Scotland visiting the Highlands. In discussions with Scottish Office staff, the Norwegian visitors had explained that the rural problem in 'highland' Norway could be tackled successfully because there was still a substantial population in the remote areas. The problem of communities shrinking below the point of viability did not arise, and the 'pull' of urban life was less intense. The development of hydro-electricity before the war had made it possible for the provision of cheap power to be a substantial inducement to industrial development, and iron deposits in the north also made it possible for development to centre around the iron works there. A Scottish official suggested that 'perhaps also, there was the "imponderable", that the Norwegians may well be more persistent than the West Highlanders.' It was thought that from the Norwegians' information a Highland Panel deputation might study with reward -

- (a) The inducements to light industry to settle in remote Norway, especially the working of the arrangements for capital assistance by the government to industrial development and for remission of tax.
- (b) The extent to which the Norwegians subsidise transport – e.g. rural bus services were subsidised by the central government direct, and not (as the Jack Committee were about to propose) through Local Authorities.
- (c) The Norwegians' considerable progress with inter-island communications, as there appeared to be more inter-island coastal travel there than in the Highlands and Islands, and

(d) The encouragement given by government sources to the Norwegian tourist industry, and the extent to which they ensure uniformity of high standards.²⁵

During his address to a Highland Panel meeting in September 1960, the Secretary of State for Scotland, John MacLay agreed with the Panel chairman's suggestion, based on several previous discussions with Frank Spaven, that a reciprocal Highland Panel visit to Norway could provide an opportunity for Panel members to see for themselves what was happening in the rural 'Highland' areas there.²⁶

Spaven persuaded his colleagues at the Scottish Office that the information and ideas he was obtaining from his Scandinavian sources should be taken seriously – a seriousness which, for example, was not yet extended to John Rollo's own successes and his work with the Highland Fund over the previous ten years, and more. Whereas Rollo had been operating from 'the bottom up', the Norwegian example suggested how an organised national government could operate from 'the top down'. Spaven's sources explained to him that their 'Norwegian problem', initially, had been a post-war one, especially affecting the most northern areas of Finnmark and Nord Troms, parts of which had been subjected to the scorched-earth practices of retreating occupation forces in the 1940s. It was not until 1951, with access to international aid, that the Norwegian government was able to put into place its 'Development Fund for Northern Norway' under three headings,

- (i) Extraordinary appropriations on departmental budgets, for example, for hydro development, communications, vocational training schools and special assistance in farming and forestry
- (ii) The Law concerning Special Taxation Regulations for Northern Norway
- (iii) Special financial arrangements for top financing of private initiative and public co-operation in investigations, planning and

²⁵ NAS SEP12/219/9 Minute 31 October 1960 J.S. Gibson to Mr Sheldrake attaching his 'Draft paper' for the Norwegian visit'. [Gibson had been an 'escort to the Norwegian visitors']

²⁶ NAS SEP12/3 Highlands & Islands Advisory Panel Minutes of 83rd Meeting 30 September 1960, Address by Secretary of State for Scotland John S. MacLay.

advisory facilities, *inter alia*, through the Development Fund for Northern Norway.

By 1958, the Norwegians' Fund had assisted 360 enterprises to re-establish a way of life for those people choosing to stay in the country's most northerly communities. Since then the Development Fund had used its experiences as a government advisor to help other districts further south which were unable to attract significant private capital, and which were 'especially dependent on extraordinary assist'. Although North Norway had, at most, only 5% of the total industrial production of the country, in 1955 mining and manufacturing activities in the north still employed 21% of the wage and salary earners of the district, compared to 32% for the whole country. This represented a 30% increase since 1950 in the north, compared to only 5% nationwide and demonstrated a degree of success in maintaining the way of life in peripheral areas²⁷ – the kind of success now sought for the highlands. But were the two areas directly comparable? Norway was a self governing state in its own right with the ability to focus its own funding priorities. This was particularly relevant following the wartime traumas, when the government could, for example, allocate its own international financial aid towards their most northerly and shattered community of Hammerfest, well within the Arctic Circle, and successfully re-establish and expand the major fishing community there. Such autonomy was not replicated in the Scottish highlands.²⁸

The Highland Panel's visit to Norway was duly arranged for September 1961, and was by all accounts a worthwhile and informative experience. The objective of the official party²⁹ was to examine,

The general condition of the Norwegian rural economy,
and the governmental framework for development policies;

²⁷ NAS SEP12/218 Memorandum October 1959, from the Royal Norwegian Ministry of Foreign Affairs Press Section to F.D.N. Spaven, Department of Health for Scotland.

²⁸ *The Scotsman* 8 June 1965 p.6 'Town on Top of the World - Norwegians' Pride in Hammerfest' by Magnus Magnusson.

²⁹ The eight person official party was Lord Cameron, Chairman of the Panel; Mr McNaughton, Panel Vice-chairman; Panel members Sir Francis Walker and Iain Hilleary, both Inverness County Councillors, R.H.W. Bruce of the Crofters' Commission, William Scholes from the Scottish Council (Development and Industry), and two Scottish Office officials, R.H. Law from the Department of Agriculture and Fisheries, and Frank D.N. Spaven from the Department of Health for Scotland.

Rural transport, and the assistance it drew from government sources;
and

The Norway Tourist Industry in areas comparable to the Highlands.³⁰

The brief reports to the Panel's meeting immediately following the trip contained a freshness missing from the official Report published almost a year later. Lord Cameron talked of a most interesting and valuable visit. They had stayed in fourteen different night stations, meeting sixty-seven local government officers, and covering considerable ground in pursuing their remit to examine conditions in rural areas, especially relating to transport and development. They had visited a large number of smaller communities, as well as Oslo, Bergen, Trondheim and Aalesund, and had found similarities in many ways to the central Highlands and the west coast of Scotland. The Norwegian climate seemed kinder with less frequency of high winds from the west which favoured forestry and agriculture. The Group had been surprised by the size of the population resident in areas not unlike the Scottish Highlands, and were particularly impressed by the extraordinarily vigorous way of life in Norway, and by the manner in which local communities of about 3,000 people were able to, and did, tackle their local problems. In Norway, Kommunes [local councils] appeared to be able to do anything not prohibited by law, whereas in Scotland, Local Authorities could only do what was required of them by statute. The Group were also struck by the very close relationship between local authorities and the Norwegian central departments. Their practice was to have meetings on a regional level of co-ordinating and sometimes executive bodies, and it was noticeable that local officers were all experienced civil servants.

The development of many industries in remote areas was most striking. Certainly there was no 'industrial belt' in Norway to exercise a drawing influence, but it had appeared that distance from larger centres was not regarded as a deterrent either because of high transport costs or distance from markets. Lord Cameron claimed that Norway had got over these difficulties in a remarkable way. For example, in the small coastal town of Stranda [approximately 350 miles north of Bergen] there were four factories making shirts, ready made suits, furniture and

³⁰ NAS SEP12/3 Highlands & Islands Advisory Panel Minutes of 87th Meeting, 16 June 1961, 3(iv)c.

sausages. These firms competed in the open market, and rates of pay were governed by National Wage Councils. The furniture factory bought teak and other materials from abroad and its finished products had to be taken 30-40 miles by lorry, and then by rail to Oslo. It had been interesting to note also, that this firm had a standing contract with a large department store in London. The Norwegians had the advantage of ever increasing cheap hydro-electric power, and had developed a comprehensive system of assistance including geographical tax relief, low interest loans from both local and central authorities, and the interest rate did not fluctuate with the bank rate.

On the question of transport, the Group had found there were fewer cars in Norway than in Scotland, and Norwegian roads were not as well surfaced as those in the Highlands, although they were well engineered. The roads were, however, being improved and being linked especially with car ferries, and a comprehensive road network was the aim. Railways in Norway were run as a public service and at a loss, but services were still being extended as an integral part of the transport system of the country as a whole, the theory being that industry could be dispersed, and encouraged in suitable outlying centres. The Group found that Norway had a much fuller system of sea transport, especially along the west coast; the number of boats of all kinds was striking. Lord Cameron suggested that the strong links with the sea might be one reason for the Norwegians being practical, hard-headed and not sentimental. It was, however, Norwegian policy to replace sea transport by road and ferry services where practicable. In regard to tourism, the Group had been impressed by the wide range of types of accommodation available and the variety of activities organised for visitors and tourists. Generous financial assistance was available for the building of hotels and there was strict control by government of standards of accommodation and service, although Lord Cameron added that building and sanitary regulations were perhaps less rigid than in Scotland.³¹

Sir Francis Walker had been impressed by the Norwegian wage structure which he thought was, on average, higher than in Scotland. He thought rural development in Norway was an 'eye-opener'. This, he suggested, seemed to be attributable to financial help by way of grants, loans and guarantees. If an area was

³¹ NAS SEP12/3 Highlands & Islands Advisory Panel 89th Meeting, 27 October 1961, minute 5 (i)-(vi).

so remote as to have little chance of surviving, the Norwegian authorities would encourage the inhabitants to move to other areas by restricting financial aid. Frank Spaven had already noted this policy which would be surely difficult to introduce in the Highlands, given nineteenth century history. In rural areas, technical and general help were given including advice on salesmanship and marketing, and the authorities were willing to aid developers to extend their operations. The numbers of people employed in local and central administration were very small, but the co-operation between local and government authorities was outstanding. He particularly noted that bus services in Norway were run on economic lines, and commented that the Bergen Shipping Line had taken special steps to extend the tourist season (usually from June to September) to include October and May by offering reductions of 40% in fares. He anticipated that the Group's Report should give rise to considerable discussion on present Government policy, and was not wrong with his estimation.³²

The Panel's first impressions of the Norway trip in October 1961 coincided with the final publication of the Tothill Report. The official report of the Norway visit therefore was considered and compiled over the following months against a background of the reorganisation of responsibilities of the Scottish Office departments, especially relating to 'economic' matters and industrial development, which many people thought would not necessarily give much consideration to the Highlands and Islands. What kind of impression could the 'Norway Report' make on Scottish officialdom when it was published ten months later? The Panel's initial discussions with Norwegian officials had concerned four basic topics:

- Organisation of local and central government;
- National and regional economic development policy and methods;
- The Norwegian transport system by sea, rail, road and air; and
- The Advisory service in Norway relating to technical problems and business methods for small firms in the countryside.

³² NAS SEP12/3 Highlands & Islands Advisory Panel 89th Meeting, minute 5 (vii).

But perhaps more importantly, one of their first observations from their travels was to record a basic 'striking difference' from the Highlands, that in Norway there had been little or no twentieth century emigration to other countries. There was a high rate of natural population increase (8 to 10 per 1,000 compared with an average of 2½ per 1,000 in the Highlands). This in turn was associated with a better balanced age structure and there were many young people and children to be seen in most parts of the country.³³ People's lives were much less exposed, as rural communities hundreds of miles from cities formed a major part of Norwegian society: whereas in Britain, they would have been on the margin of a predominantly urban and industrialised nation. Thus, of the total Norwegian population of 3½ million, two thirds lived outwith, and up to 1,000 miles north, of the main urbanised zone around the Oslo fjord: whereas barely a quarter of the Scottish population lived outwith the central industrial belt. The proportions of total populations living outwith towns in 1950-51 were 55% in Norway, and 17.5% in Scotland, but 62% in the Highlands and Islands. The terrain, climate and vegetation of some Norwegian eastern valleys were noted as being reminiscent of Strathspey, the Grampians and parts of the Scottish west coast, and the isles off Norway were also similar to the western islands. The whole scale, both vertically and horizontally was grander, and the tree line higher, especially in the east because of summer temperatures. The weather appeared especially calm on Norway's west coast where the winds were not quite so strong, and calms were more frequent than in the West Highlands, partly due to climactic reasons of the resistance to the penetration of Atlantic depressions being able to build up over the large Scandinavian Peninsula, and partly to the geological reason of the sheltering screen of skerries and small islands which had emerged off-shore along most of the Norwegian coast. There were better opportunities for coastal navigation, ferries, inshore fishing, forestry and habitation, and these had been vigorously seized. Also the tidal range was usually under 7 feet in West and South Norway (up to 13 feet in the North) compared with about 7 feet in Shetland and 14 to 17 feet in the Western Isles,³⁴ which made for easier use of fishing boats and easier construction of harbours in Norway.

³³ NAS SEP12/218/17A Norway Report Part I, 7, para 18.

³⁴ Norway Report Part II, 4, para 10.

There had been two conspicuous trends of Norwegian employment since 1945. The first, which was found in all the districts visited, was a fall in agriculture by about a third, and to a lesser extent in fishing and forestry, caused by mechanisation and improved production methods, farm amalgamations, and greater full-time specialisation in all primary occupations. The second trend had been a rise in services, including transport and building, and in manufacturing industries. In comparing these trends to the Highland experience, the observation was made that while the first was very obviously similar, the second had so far entirely failed to offset the effects of the first, except perhaps in Caithness [where construction of the Dounreay atomic power station had revived life around Thurso]. Attention was also drawn to the differences in attitude in the two countries. In Norway, the decreases in agriculture numbers and fishing were not regarded as merely a drift from the land and a symbol of depopulation, but the whole was accepted and encouraged as socially desirable, because it liberated manpower for further industrial production. Partly, as a result, the Norwegian productivity overall had nearly doubled in the ten years 1951-61. It was also emphasised that in Norway the trend away from traditional occupations, so far as possible, took the form of a development of industrial and service jobs in the nearest country town or other centre of population, so that what was taking place, encouraged by the authorities, was a local re-distribution of working population between rural areas and small towns – something very different from the losses of Highland workers to Central Scotland, England and overseas.³⁵

The Report went on to highlight ‘several important differences from Scotland in the Norwegian system of government’, suggesting that Norway’s was more decentralised and more suited to handling the affairs of a population smaller than Scotland’s (3½ million compared to Scotland’s 5¼ million), but which was scattered over an area four times as great. The Central Government Ministries in Oslo, such as the Department of Local Affairs and Labour, were closely concerned with legislative and policy matters. Although they were quite small, many of them had working alongside them an executive, a technical agency or a commission – in the case of the DLA&L, it was the Directorate of Labour which, *inter alia*, was responsible for economic analysis and employment planning. The System of Local

³⁵ Norway Report para.15.

Government rested on the 'Kommunes', sixty four urban and 680 rural councils, the latter responsible for populations of 3,000 on average and usually under 10,000, about the same as the Highlands' District Councils. The Kommunes were independent administrative units of long standing whose responsibilities included education, health, local roads and electricity supply. They raised their own local taxes and disposed of funds. Their chief source of revenue was income tax, and they had in aggregate 8 to 10% of the national product at their disposal – almost as much as the central government. The Panel's report explained that Kommunes appeared to be able to do anything not prohibited by law – for example they could take shares in industrial undertakings and ferries, and lease land and buildings at low rentals, whereas in Scotland, Highland Local Authorities could only do what was permitted by Statute. The observation was added that, 'perhaps these wide responsibilities in their own affairs explain why, since 1947, an average of 73% of the electors has voted at the elections held every four years.' At the time of the Panel's visit, there was to be a reorganisation of Kommunes' boundaries to give each a population of not less than 2,500, and access to the services of a local urban centre.³⁶

In Norway there were no County Councils in the Scottish sense. Above the level of Kommunes, the country was divided into eighteen 'Fylke' or provinces, larger than the Highlands' rural counties, with populations between 70,000 to 240,000, and in addition there were the cities of Oslo and Bergen. Representatives of Kommunes met occasionally to form a secondary local authority with special powers which were presently being strengthened for economic development purposes. The Fylke was an important meeting point of State and Local Administrations, with a Fylkesman or Governor, the personal representative of the King, to chair the meetings of Kommunes' representatives and various Boards with elected and nominated members and decentralised State officials – each Fylke had an Employment and Development Committee. The Labour Directorate had both an Employment Office and Regional Planning (or economic development) Office with its own technical advisor and organiser paid by the State, but whose office and travelling expenses were met by the Fylke.³⁷ The Panel Group saw some examples of small one-man-ownership businesses with up to twenty employees

³⁶ Norway Report p.7, paras 19, 20.

³⁷ Norway Report p.7, para 21.

working with timber, metal, plastic or chemical products. These firms were the result of vigorous private enterprise, and a keenness to learn new methods, but they were aided, in addition to Development Fund assistance, by 'two interesting organisations, in small part State-aided – *Landscentralen for Smaindustri*, and the "Institute of Technology"'. The former specialised in new ideas which it sought from its officers who combed the industrial centres of Western Europe. The Institute of Technology had been transferred from the Ministry of Education to the Ministry of Mines and Manufacturers and was now starting up local advisory offices to provide a service to small-business men with guidance on business and manufacturing – providing the kind of service in this new field of business which Norwegian farmers had enjoyed for a century. There were some resemblances in this to the work of the Scottish Country Industries Development Trust, but the object was not to promote traditional 'country' industries, but the most modern types of manufactures on a small scale in country locations. The *Smaindustri* advisor was not perturbed to have had '70 failures as well as 70 successes over the past 20 years' – a 50% success rate.³⁸

Not content with their own 'fact-finding', the Panel group eventually put the basic question to their Norwegian colleagues to illicit their proven essential factors for the successful encouragement of rural industries, which their hosts suggested would be along the lines of,

- Work with a regional or master plan to match firms with locations and vice-versa, being careful to select country towns or other focal points as the best centre for industrial development. Seek to have a 'corner-stone' industry in each region.
- Provide full information about sites and locations. Ensure a good calibre of local technical advisors, especially regional development officers.
- Provide start-up assistance, setting a development and funding budget available to local authorities who have powers to set their own rates to provide 'top-up' funding over and above that provided by special bank arrangements for specific industries.

³⁸ Norway Report, 12, para 28.

- Prefer modern manufacturing firms, rather than traditional home crafts.
- Local people need to be vigorous and adaptable, with a certain toughness and a keenness to learn, with the provision of technical education and supply of facilities as necessary.³⁹

It was these ideas which formed the basis of the lessons learned from Norway and which eventually translated into the final nine 'Conclusions and Recommendations' which were approved and accepted by the government for publication in the final report,

- i. Financial help should be available at rates and terms that recognise the special difficulty of attracting new enterprises to the Highlands [and Islands];
- ii. Local Authorities should have power to remit rates to assist industry in its early stages;
- iii. Co-ordination of administration of public finance for industrial development with other measures that form part of the Programme of Highland Development;
- iv. Better guidance/assistance for the Highland County Development Officers;
- v. Planned development of selected growing points;
- vi. Supervision of all forms of transport;
- vii. Local authorities to provide plans for tourist development;
- viii. Inspection and approval of holiday accommodation;
- ix. Further investigation of Norwegian standards of construction and other technical subjects.⁴⁰

Official comment on the published Report and its conclusions followed at the Secretary of State Michael Noble's meeting with Lobby Correspondents when he confirmed that the immediate benefit of the Panel's visit to Norway was the stimulus it had given to fresh thinking about Highland policy, and for this alone the

³⁹ Norway Report, 13, para 30.

⁴⁰ Norway Report, 20 - Part IV - Conclusions & Recommendations.

Report was well worth while. He was, however, careful to preface his comments with a peculiar suggestion that Norwegian solutions could not be applied automatically to Highland problems because physical and geographical conditions were different. This contrasted with the Report's statement, previously referred to, of such conditions being 'reminiscent' of Highland terrain.⁴¹ However, Noble added that Norwegian economic and social conditions were different, and that 'traditions were quite different from the Highlands.' He then claimed that the first two recommendations were related to those of the Toothill Report, 'and were being considered in that context', despite the general opinion that Toothill (even on his own admission) had taken no recognition of the Highlands. He claimed that (iii), (iv) and (v) had formed the basis of a recent reorganisation of the Development Group of the Highland Panel with the intention to give the Highland County Development Officers the same kind of assistance and co-operation from central departments as local authorities in Norway received through Norwegian Regional Development Officers. (vi) was covered by the current considerations of the Highland Transport Enquiry; and the Tourism aspects of (vii) and (viii) were on-going through the Scottish Development Department and the Local Authorities.⁴² Perhaps Noble's most interesting comment was that 'Norway's traditions were quite different from the Highlands'. He did not elaborate on this observation, but one Norwegian policy (already referred to above) was,

If an area was so remote as to have little chance of surviving, the Norwegian authorities would encourage the inhabitants to move to other areas by restricting financial aid.

Such a statement translated to the Highlands could obviously suggest 'clearance', and this would certainly not be a policy with which the Secretary of State, nor the Scottish Office, would have wished to be associated. Noble would likely have been aware of the areas of Sutherland which had been approaching just such a status only ten years before. The circumstances had prompted Sutherland County Councillors' campaign to urge the then Secretary of State for Scotland 'to set up a

⁴¹ Norway Report Part II, 4, para 10.

⁴² NAS SEP12/218/19 Draft of Secretary of State's Meeting with Lobby Correspondents re Norway Report, 1st August 1962.

Special Authority to inquire into, and ... deal with, the rehabilitation of the Northern Counties with sufficient funds ... necessary for the rehabilitation of those parts of the country.⁴³ Sutherland's efforts failed to attract sufficient support from the other Highland councils, but since then the county had benefited from the construction and completion of the Loch Shin hydro-electric scheme when work started in 1954. 'Sutherland' of course, still remains synonymous with 'clearances'. Norway's policy in the 1960s of what seemed to amount to persuasive financial clearance would certainly not be a 'tradition' with which to associate modern 'Highland policy'. Arguably it could be suggested that the Norway Report's recommendations might be too fundamental to be taken up and applied to the circumstances of the Highlands and Islands, and it remained to be seen what Noble's 'stimulus to fresh thinking about Highland policy' would produce?

Fresh Thinking

There were two established sources of Highland 'fresh thinking' about to emerge from the Scottish Office – one from the long experience of the Highland Committee members, the other from the appointment, in July 1962, of the new Secretary of State, Michael Noble. The Highland Committee were of course well acquainted with the work of the Highland Panel, and of the results and recommendations of the Norway visit. The new Secretary of State had been the Member of Parliament for the 'crofter county' of Argyll since 1958 when, even then, he was specifically approached by Secretary of State John MacLay for 'his present consideration of Highland problems.'⁴⁴ His suggestions were wide-ranging, including stressing the importance of 'creating a big new industry based on timber', but with the 'ultimate aim to make life in the Highlands more attractive and to keep the young at home'.⁴⁵ Noble's subsequent progress through the ranks of the Scottish Office had included attendance at Highland Panel meetings, and perhaps more than his predecessor, Michael Noble had a certain affinity towards

⁴³ NAS SEP12/8/002 APH(52)45 Sutherland County Council's meeting with the Highlands & Islands Advisory Panel 21 February 1952. Resolution originally reported in the *Northern Times*, 10 August 1951, 2.

⁴⁴ NAS SEP12/265 Correspondence between Michael Noble MP and Secretary of State John S. MacLay, December 1958 to February 1959.

⁴⁵ NAS SEP12/265/1 Letter, Noble to MacLay, 17 December 1958, including his 'Short Memorandum on the Highlands'.

Highland problems which would auger well – a feeling which was expressed by an approving headline in the *Inverness Courier* as, ‘Highland Blood in cabinet reshuffle’ and ‘he lives there too!’⁴⁶

It was the *ad hoc* activities of Highland Committee members during July 1962 which contributed to ‘a beginning of a reinstatement of Highland policy’.⁴⁷ A meeting had been arranged specifically to consider the latest correspondence from the Scottish Trade Union Congress proposing a Highland Development Corporation. The STUC’s ideas were similar to previous proposals in 1957 and 1960, except that their suggested ‘adequate finance’ was now increased to £250,000,000 spread over ten years, which the Committee presumed to be in addition to the £28M already available to Scottish Departments for the Highlands for 1962-63. The idea of a Highland Development Corporation had been previously discussed purely as a change to the machinery of government, but the Committee suspected that the real objective in the STUC’s proposal was to secure greater finance for Highland development – that if more money was available there was no doubt the present government machine could achieve much more; and unless it could be proved, there might be little point in having new machinery. It was certainly unlikely that in present circumstances any proposals involving new legislation would be acceptable, and this would especially apply to the STUC’s proposals designed to encourage Highland employment, since the general question of employment and population was already being discussed in a wider context [Toothill Report], and it seemed unlikely this would lead to proposals for fundamental change in the current law. However, the Committee did accept that there was some field for discussion of relatively minor adjustments to the present machinery with regard to the attraction of industry to the Highlands as could be secured without legislation, and particularly agreed that the concept of a Regional Plan for the Highlands was not necessarily inconsistent with preserving the existence and functions of particularly Local Authorities – this had been proved by the recent Clyde Valley Plan, essential parts of which had now been adopted. However, overt steps to set in motion such a plan for the Highlands, it was thought, might provoke opposition, and in substance, though not in form, would be a

⁴⁶ *Inverness Courier* 17 July 1962, 4.

⁴⁷ NAS SEP12/97 Highland Committee correspondence to Committee members 26 July 1962, para.11 of R.H. Law’s ‘further lines of action’ following *ad hoc* Committee meeting 18 July 1962.

substantial concession to the STUC proposition. A preferable option, it was suggested, might be a regional plan being evolved through the machinery of the Development Officers acting under the Development Group of the Highland Panel with technical assistance from St Andrew's House; but with the technical resources available, even if augmented, a regional plan could not be produced quickly and the dispersal of responsibility through the Development Group to Local Authorities would act as a drag on its evolution. Moreover, a truly objective plan was likely (as in the case of the Clyde Valley Plan) to be unpalatable to the Local Authorities primarily concerned. Operating through the existing machine might therefore distort the plan or else evoke antagonism in its evolution. Keeping the options open, a third possibility was a suggestion to put the Highland Panel in funds to commission a regional plan from a group of specialised planners and economists.⁴⁸

Highland Committee member Robert Grieve from the Scottish Development Department put in writing his official agreement with the 'advantages of a Regional Plan for the Highlands'. In his view, surveys of the whole area could not only provide a more understandable context for the best uses for land, the best roles for areas, and specify logical priorities; but could also show the benefit from unified policies, even if certain parts of the area had to be downgraded or held to be static. [the Norway practice?] He suggested that a regional planning process had been going on, based on an advisory plan produced fourteen years ago. Such a process now could only be an arbitrary fumbling among the various factors if there was no Regional Plan to co-ordinate and give relative values to direct various channels of action. He declared that the more recent Clyde Valley Plan for Central Scotland had manifestly achieved these aims and this had been its undoubted value. Though he had always felt that a Regional Plan for the Highlands was essential, he had never been in any doubt about the difficulties involved, which he identified as,

- the more diffuse nature of the area and its problems;
- the essentially unreal nature of the base from which the process would start, by which he was referring to the Highland Local Authority set up;

⁴⁸ NAS SEP12/97 R.H. Law, Department of Agriculture and Fisheries Scotland 24 July 1962, Conclusions from a summary account of an *ad hoc* meeting on 18 July 1962. Consideration given to the STUC's latest proposition of a Highland Development Corporation, to Messrs Aglen, Senior and Law from the DAFS, and Grieve and Lister from the Scottish Development Department.

- the need for expert advice of a kind in the planning team which would be specialist enough on the technical side to be able to assess all the individual aspects from crofting to tourism, and at the same time able to synthesise all the elements into an understandable pattern of uses and priorities against the national background;
- the possibility of getting the wrong kind of plan, i.e. the sentimental back-to-the-earth genre;

There was also the overriding difficulty that the announcement of a specialist team to prepare a 'Plan for the Highlands in two years' time, would be asking for a lot of exasperated criticism and reactions of nausea.' The announcement of such a plan would have to be carefully handled, but he remained adamant that,

One thing is quite clear: there has been no Regional Planning in the Highlands in the sense discussed in this note. It has not been part of the process of Government in the Highlands, and in my estimation it ought to be.

He recognised the difficulties, but insisted he could even yet,

visualise a unified statement by a team of respected experts which could make policy-making much easier; render odious, but necessary value judgements more palatable (at least after a time); and would create the feeling (or illusion) of a secure background in the minds of many people (most people) who, at that moment, regarded the Highlands as the perfect example of lack of integration in policy and plan making.⁴⁹

Robert Grieve had been Regional Planning officer for the Northern Region in the 1940s, and had commented favorably on the idea of a new town at Invergordon as part of a development area for Easter Ross. He was also involved in drawing up the

⁴⁹ NAS SEP12/97 20 July 1962 Robert Grieve, Scottish Development Dept to R.H. Law, DAFS, 'Advantages of a Regional Plan for the Highlands', following an *ad hoc* meeting of the Highland Committee dated 18 July 1962.

Clyde Valley Regional Plan, and in 1946 he joined the Planning Unit at the Scottish Office.⁵⁰ The years from 1946 to the late 1950s saw the emergence of Central Lowlands' town planning with the emergence of East Kilbride, Livingstone and Cumbernauld by 1958.⁵¹

As chairman of the *ad hoc* Highland Committee it fell to R.H. Law to draw from the meeting and subsequent correspondence 'further lines of action' rather than definite conclusions. Arising from their meeting, it had appeared there was a need for 'a special body' for the Highlands. Perhaps the Board of Trade Advisory Committee [BOTAC], which had been 'relatively ineffective', should retire from the Highlands and be replaced by the Development Commission? This had been recently suggested by a Government Report on Rural Industries. The Scottish Country Industries Development Trust [SCIDT] could be used as one instrument of local business stimulation in the Highlands, and of course, the Norway Report could now be implemented, and each County already had its own Development Officer whose present role would be unaffected. Even if BOTAC disappeared from the Highlands, the Board of Trade need not do so, nor the Scottish Industrial Estates Management Corporation, who had a presence in Inverness. All this was only realisable, however, on the grounds that the Highlands could be treated quite differently from the rest of the country by the Development Commission as well as by the other government departments. A Ministerial policy decision would have to be taken on this.

Robert Grieve had argued for a Regional Plan to create the right climate of opinion for future policies. He thought that special steps to produce a regional plan for the Highlands could be justified on the argument that the Highlands needed to be looked at as a whole, and that development plans of the Highland Planning authorities were lagging behind. Could this be achieved by putting the Highland Panel in funds to commission a Regional Plan from a team of experts? There were several advantages in this. It was a way of getting the job done. It removed the odium of probably controversial conclusions from the Local Authorities, the Government and even from the Highland Panel. It sidetracked the delays that

⁵⁰ Ewen A. Cameron, *The Seven Men of Knoydart and the Scottish Highlands in the 1940s* in *Transactions of the Gaelic Society of Inverness* Vol.LX11, 172; Douglas Robertson, Robert Grieve: An Appreciation, *Scottish Affairs*, no.14 1996, 64-66.

⁵¹ Oxford Dictionary of National Biography <http://www.oxforddnb.com/view/article/60415>, accessed 6 Nov 2007; <http://www.universitystory.gla.ac.uk/biography>, accessed 3 October 2007, 'University of Glasgow Story'

might be met from the Local Planning Authorities, and it would give the Panel something specific of which to take charge – their remit, as well as the Panel membership was soon to be reviewed. It would also be part of an answer to the STUC and other advocates of a Highland Development Authority.

For the record, Mr Law briefly covered other current policy issues for the Highlands. Mr Cameron, the Panel Chairman was advocating ‘a policy of grass and trees’ to emphasise beef production and forestry as the ‘land use’ policy for the Highlands which had now to be studied in connection with the current review of forestry policy, and with the effects on the Highland economy of entry into the [European] Common Market. Fisheries policy also needed examination. The Transport policy was being considered by the Highland Transport Enquiry, the Beeching [railway] proposals, and new prospects that were expected to emerge about air services. Tourist policy was ‘hitched, on one side, to a recent Scottish Development Department circular, and on the other to the Scottish Tourist Board, Scottish Tourist Development Fund and the Fraser Plan.’ The last was a new ambitious tourist development to be backed by the prominent Scottish businessman Hugh Fraser, centred at Aviemore in Inverness-shire. New hotels and other facilities there would cater especially for winter sports activities using the slopes of the Cairngorm mountains, while at the same time attracting summer visitors to the area as a base to visit other Highland attractions.⁵² Law concluded that his previous comments were ‘put forward as a beginning of a restatement of Highland policy’ which could be developed in the coming months, before returning to the point of the original meeting – ‘a reply to the STUC’. He admitted to his colleagues that if the policy discussed by them, concerning ‘a need for “a special body” for the Highlands’ came to anything, it would be an adequate answer to the STUC; but if it were adopted, Ministers would not wish to announce it as such, and it could not even be hinted at in any reply sent to the STUC. It followed that their ‘reply to the STUC had to be non-committal.’⁵³

However ‘non-committal’ any reply to the STUC would be, there was little doubt of an apparent change of Scottish Office attitude towards the idea of a Highland Board or a ‘special body for the Highlands’ – this had been anathema to

⁵² Ian Levitt, ‘Too Deeply Committed’: Aviemore, The Scottish Office and George Pottinger, 1959-72, *Scottish Affairs*, no.51, 2005.

⁵³ NAS SEP12/97 Highland Committee correspondence to Committee members 26 July 1962, R.H. Law’s ‘further lines of action’ following *ad hoc* Committee meeting 18 July 1962.

Highland policy each time it had been raised since the 1930s, if not before when J.P. Day and Hugh F. Campbell had respectively written of the need for a separate Isles Council or a Highland Board.⁵⁴ There had been Sutherland County Council's call to assist their difficulties in the early 1950s, as mentioned above. Indeed, the STUC's previous official suggestion for a single Highland Development Authority to deal with all matters of Highland interest was considered by the Royal Commission on Scottish Affairs in 1954, but dismissed as 'involving expensive duplication of effort and conflict of policy with local councils.' The Highlands were not to be regarded as

a special reserve which requires measures differing in genus, as opposed to differing in degree, from those applicable elsewhere. A Development Authority could not operate without conflict with existing Highland Authorities ... and it would become difficult to get people of the right calibre to serve as town and county councillors in the Highlands. It would not improve Highland administration, and the Commission was unable to recommend that such an authority should be established.⁵⁵

Eight years on, the matter of the 'Highland problem' was not being put out for consideration for a commission or board of enquiry, but was being actively discussed by the policy makers in St Andrew's House.

⁵⁴ J. P. Day, *Public Administration in the Highlands and Islands of Scotland*, (London, 1918), 384 and Hugh F. Campbell, *Highland Reconstruction*, (Glasgow, 1920) 287.

⁵⁵ Cmd 9212, Royal Commission on Scottish Affairs 1952-1954 Report, July 1954, 84 [Government] REPORTS; Commissions &c (12) 1953-54 XIX.

CHAPTER FOUR

Scottish Office 'Highland' Initiatives (ii) 1962-63

New Resolve and 'Main Objectives'

While in the months following Michael Noble's appointment as Secretary of State there was a new resolve at the Scottish Office to create a fresh impetus in the governance of the Highlands and Islands, there was also a continuing awareness of a battle against Her Majesty's Treasury. The Treasury's role was bound to be one of trying to cut down the Exchequer's commitments in order to save tax-payers' money. To overcome this problem there was a need for long term planning and funding rather than an immediate request for specific short-term capital for the Highlands. If serious Highland development was the aim, an approach to the Treasury based on planned commitment over several years, as would be the case for new town planning, was what was required. Even if this meant confining development within closely defined financial and geographical limits, it would enable Highland interests to concentrate on a properly planned operation not liable to be cut in the event of a balance of payments or other crisis in Whitehall.¹ Another perceived drawback of a Highland Authority at this time – that its appointment would displace some of the Local Authorities' functions – was also laid to rest. While it had been generally admitted in the past that this had been a sound and unanswerable argument, as no one was willing to contemplate the radical measure of reducing localised powers, it was now suggested that Local Authorities could not be expected to do more than they were already doing. The traditional objection was now reversed with the question, 'Were they doing enough?' Sutherland County Council for example was said to have the responsibilities of a county, but the resources of a parish; and no Highland county or group of counties had the resources to plan and execute a proper scheme of economic development for its area. If there was to be any significant advance in economic planning, some body, other than the contemporary Local Authorities, would be needed to carry it out. On that score alone, the argument that a Highland

¹ NAS SEP12/217/30 Minute 20 September 1962 Whitworth to Law enclosing 'Role of GB Departments'.

Development Authority was undesirable, because it would to some extent supplant the local authorities, was no longer valid.²

In taking this proposition further, the four possibilities for a Highland Development Authority which had already enjoyed some consideration were now officially identified –

- (a) Set up a new Regional Authority.
- (b) Create a new Statutory Body with financial powers to control and stimulate Highland Development by providing extra finance for approved projects. This would be the 'top financing' body recommended by the Norwegian experience, and could also be represented as a Highland Development Authority.
- (c) A more basic version of (b) would be for the Scottish Office to have such a 'Highland Fund' to use for 'top financing' in the same way.
- (d) An even more basic version of (c) would be to simply reallocate the existing £28M Highland budget more closely with Highland needs – merely the *status quo* which would likely not commend itself to Highland opinion.

Another alternative already being considered was to have no comprehensive Highland Authority at all, but to set up a Highland Transport Board, and create a new body out of the existing Scottish Country Industries Development Trust to deal with small industry in the Highlands, and thus cover the Highlands' two pressing needs.³ Enthusiasm for any of these solutions was still tempered by a suggestion that their attraction lay, not in the administrative detail, but in the fact they had 'extra finance'. The argument against a Highland Development Authority had usually been that what its supporters really wanted was more finance, and that the existing Highland organisation was capable of dispensing any additional money with efficiency – another layer of administration was unnecessary.⁴ By the end of 1962, therefore, although the Highland Development Authority ideas were now

² NAS SEP4/1929 R. H. Law's paper, 'A Strategic Appreciation of Highland Development' (sent to Sheldrake, Grieve, Whitworth and Russell), 12 October 1962, paragraph 19.

³ NAS SEP4/1929 R. H. Law's paper, 'A Strategic Appreciation of Highland Development' paragraph 20.

⁴ NAS SEP4/1929 R. H. Law's paper, 'A Strategic Appreciation of Highland Development' paragraph 20.

forthcoming, there was still that hint of a preference for more finance and the status quo – were there any other factors to fuel the need for change?

By the early months of 1963, the fuel for the means of change was coming from no less than the Secretary of State, Michael Noble. Following the publication of the Cameron / Kilbrandon Highland Transport Enquiry in February 1963, it was Noble who asked whether ‘it would be possible to graft some development functions on to a transport co-ordinating body?’ This emerged at a meeting with some of his senior officials where it was observed that the Secretary of State already had some powers under the Congested Districts Act, and there was a possibility to extend those to provide assistance to small scale businesses and industries and for tourism. Such powers could be operated by an agent authority, or by the Secretary of State directly with the advice of a development board, ‘a sort of Highland Board of Trade Advisory Committee’. Such a body could operate in parallel with BOTAC which would continue to deal with the larger schemes, while some other functions of such a board might operate through the Scottish Country Industries Development Trust. The meeting agreed, ‘An authority of the kind contemplated, embracing both transport and development, might be titled “The Highland Development Board”’. The overall conclusion on this occasion was the Secretary of State’s instruction to prepare a draft paper for submission to Ministers proposing a transport co-ordination and development board for the Highlands, with a copy to the Treasury for comments, before being circulated to the appropriate Ministerial Committee. It was to be presented as flowing from the Mackenzie Report on Electricity Production and Supply in Scotland, the Cameron Kilbrandon Highland Transport Report, and the Highland Panel’s Norway Report, and to be shown to be a ‘package deal’.⁵

This ‘Highland Development’ paper became a carefully constructed argument under four progressive headings suggesting new responsibilities for the Secretary of State to assist him in carrying out the new functions, culminating with his proposal for a Highland Development Board. The Secretary of State was convinced there were certain decisions that had to be taken in the Highlands, and explained the need, as he saw it, for immediate action. Government in Scotland

⁵ NAS SEP12/217/45 Minute 15 March 1963 A.L. Rennie to L.P. Hamilton DAFS - note of Meeting, Secretary of State with Sir W. Murrie, and Messrs Haddow, Rennie, Campbell, Senior.

now had before it the report of the Highland Transport Enquiry calling for coordination of all forms of transport in the Highlands to be assisted by public funds. There was also the Mackenzie Report, which had argued cogently that the economics of electricity generation in Scotland would not be right until there was a single Electricity Board for the whole country; but such action, Noble suggested, would turn a considerable volume of opinion against the government unless it provided some new Highland agency in place of the Hydro-Electric Board to take a hand in economic development. There was undoubtedly a need to provide greater economic development in the Highlands. The Labour Party had promised a Highland Development Authority if they were returned to power, and the present government had to provide something to offset what Noble called 'its considerable, if as I believe specious, attractions'.⁶

Referring to 'Transport', Noble described the Highlands and Islands as the only area in the United Kingdom where road, rail, sea and air services all had essential parts to play in maintaining day-to-day communications. The extreme sparsity of population meant that many services ran at a loss, and were already subsidised directly or indirectly by the Exchequer. Even so, the Highland Transport system was still inadequate, badly co-ordinated, and ineffectual for promoting development in the area. It was against that background that the Highland Transport Enquiry had been set up in 1959. Its main recommendation was for a permanent body to oversee transport in the highlands and to advise the government on the application of public funds. The central recommendation was to bring greater coordination, more efficient use of public money and a clearer relationship between transport and economic development. The Secretary of State's paper agreed there were obvious savings in considering together all the public capital investment on the diverse transport services for Highlands and Islands, and dealing with all subsidies in a single budget. This would ensure correct priorities and eliminate overlapping 'loser' services. It would improve the transport system with better inter-service connections and through-services using common terminals, shared staff and combined publicity. Concentrated executive responsibility would be required, and should be vested in the Secretary of State for Scotland. He already had powers to assist sea transport and the ancillary services,

⁶ NAS SEP12/217/51 'Final paper' of the Secretary of State's presentation to the Home Affairs Committee enclosed by a Minute 26 March 1963 R.H. Law to Mr Russell; paragraphs 1 and 2.

including buses, and he was responsible for roads and piers. This should now be extended to those other forms of publicly funded transport in the Highlands. The Secretary of State would ensure that the transport system was suitable to the area's needs. He would be responsible for paying all subsidies, and avoiding wasteful duplication. Dual powers of control had existed for many years over the MacBrayne's road services without conflict arising, and these proposed administrative duties would not prove insuperable. It was clearly justifiable to treat the Highlands and Islands separately in this way; they were a special responsibility of the Secretary of State, and it would be shown in the remainder of the paper how such arrangements might best be fitted into the structure of Highland Administration.⁷

The backwardness of the Highlands' economic development was identified as 'another major problem'. It was suggested that the improved transport infrastructure, which had just been outlined, could have a formative influence, but more was required. The North of Scotland Hydro-Electric Board was required by Statute 'to collaborate so far as their powers and duties permit in the carrying out of measures for economic development and social improvement of their area.' This so called 'social clause' had come to have a major emotional content, and it was made quite clear, at Noble's instigation, that the Hydro Board could not be dissolved, as could be suggested by the Mackenzie Committee, unless 'something specifically Highland is put in its place'. Moreover, it was observed that though the Highlands were a development district for Local Employment Act purposes, no more than moderate success has been achieved in attracting industries, and the Board of Trade Advisory Committee [BOTAC] machinery was not well adapted to fostering the small scale industries that, with a few exceptions, were all that the Highlands were ever likely to accommodate. Some assistance for these small industries was available indirectly from the Rural Industries Loan Fund, but the Development Commissioners had agreed with the Secretary of State that the scope of this assistance was too narrow, as it could not provide working capital, nor could any capital be provided for new industries that were starting up.

Noble, in effect, was now proposing that assistance should in future come direct from the Vote of his Department and that the necessary powers to assist the

⁷ NAS SEP12/217/51 'Final paper' of the Secretary of State's presentation to the Home Affairs Committee enclosed by a Minute 26 March 1963 R.H. Law to Mr Russell; paragraphs 3, 4, 5 and 6.

development of small industries in the Highlands should be vested in the Secretary of State for Scotland. This assistance, by loan and, where appropriate by grant, should cover the provision of premises, equipment and working capital and should extend to new as well as to existing small industries and enterprises generally, including those connected with the Board of Trade or BOTAC, but being applied to small scale rural developments only (employing say, up to about twenty skilled people [the Norway example]) would compliment the Local Employment Act powers where they were least effective. Perhaps with a future election in mind,⁸ Noble was also suggesting that if the Scottish Office was to be able to persuade Highland opinion that government was really putting something in the place of the Hydro Board's 'social clause', they needed to do something more. He thought, therefore, that the Secretary of State should be given a general power to help with any projects which could contribute to the development of the Highlands. The purpose for which such a power should be used would have to be drawn in rather general terms, but arrangements would be made to restrict its exercise so as not to duplicate other forms of government assistance. Noble stressed that from his own experience of Highland problems he was convinced of the need, apart from new powers, for greater flexibility as well as for simplification of procedures and speed of reaching decisions. For that reason he hoped that within an agreed annual budget, financial assistance for industrial projects would not require a specific Treasury approach except for grants exceeding, say £10,000.⁹

Michael Noble's conclusion was that to provide explicit, coherent and workable arrangements for general oversight for the Highlands and Islands, he would propose to set up a Highland Development Board to assist the Secretary of State in carrying out these new responsibilities. It would be charged with the Statutory duty of advising the Secretary of State in carrying out these functions, and also of acting as his agent as he might need from time to time. He contemplated a Board of not more than about five persons, which would be non-representative, to prevent it turning into a pressure group. It would not have executive functions in its own right, since statutory powers would be vested in the Secretary of State and the necessary funds would be carried on his vote. There was

⁸ These discussions and correspondence were during March/April 1963. The next general Election would be October 1964, at the latest.

⁹ NAS SEP12/217/51 'Final paper' of the Secretary of State's presentation to the Home Affairs Committee, paragraphs 7, 8, 9 and 10.

much that such a body could do at once on his behalf, especially in encouraging small industries, but it could also be used for other functions, for example in the transport field, and thereby relieve the Secretary of State from some responsibility for day-to-day matters. The proposals would relate to all the Crofter Counties, although as far as transport was concerned they would have to take into account services from outside, and Noble was satisfied that he could restrict claims from the mainland to areas bordering the Highlands such as Perthshire, Angus, Banffshire and Aberdeenshire, but there was also a case for including the island county of Bute. These proposals, Noble confirmed, would meet all the requirements he had indicated initially in respect of the Highland Transport Enquiry, and he was sure they would facilitate railway reorganisation in the Highlands also. Importantly, they would give the Highlands a better instrument for encouraging the development of small industries. They would provide a real substitute for the 'social clause' of the Hydro-Electric Board, and so would remove what was, however illogically, the main obstacle to adopting the MacKenzie Report. Politically, they would be an effective answer to the proposals coming from the Labour Party, who along with the STUC, were beginning to publicise their manifesto intentions for establishment of a Highland Development Board. Noble suggested that the necessary legislation to provide the Secretary of State's powers and to set up the Statutory Board should be quite short, and he should be glad to have authority for a Highland Development Bill to be prepared, with a view to its introduction next Session.¹⁰

These then were Michael Noble's plans for Highland Transport and Development. It was his intention also to present to the Home Affairs Committee a further paper to outline his intentions for electricity in Scotland. This would have included his agreement for a controversial merger of the North of Scotland Hydro-Electricity Board and the South of Scotland Electricity Board, on the basis that the 'social clause' element of the Hydro Board's work would be taken over within his plans for a Highland Development Board. However, within two weeks of the supposed 'final' draft of these intentions Noble was encountering opposition at different levels of government. The Chancellor of the Duchy of Lancaster, Ian Macleod, had indicated to Noble that 'it would be undesirable to legislate on the

¹⁰ NAS SEP12/217/51 'Final paper' of the Secretary of State's presentation to the Home Affairs Committee, paragraphs 11, 12, 13 and 14.

MacKenzie Report [on electricity supply] in the last year of the present parliament',¹¹ which was a heavy hint to drop such merger proposals meantime. The status and presence of the two Scottish electricity boards would therefore remain unchanged, and the keystone to Noble's original intentions disappeared. Similarly, Noble met a good deal of adverse comment in a Scottish Office ministerial meeting regarding authority going to the Secretary of State to assist industry in the Highlands. This had been 'ill defined', and 'this power would overlap with the power already vested in the President of the Board of Trade's operation through BOTAC.' On the other hand, further discussion suggested that 'if the proposed development powers were defined in greater detail, it could be possible to reach agreement on a more general definition of the powers sought.' Noble defended his intentions explaining that the new body he proposed would be one which would understand Highland conditions and would be prepared to adopt less stringent viability tests from those applied by BOTAC. He insisted there were many examples of small industries in the Highlands whose proprietors were content to accept a 5% return on their capital rather than the 10% return insisted by BOTAC as a test of viability. He emphasised that through the proposed development board the Secretary of State should be able to assist new schemes, such as the projected ski-lift at Cairngorm, for which a BOTAC application had been recently turned down. In this particular case, BOTAC had been further embarrassed by The Highland Fund Limited, when John Rollo, the Fund's chairman, offered their services once he heard of the Cairngorm company's plight.¹² The point was politely made by Noble that the restriction of BOTAC grants to productive industries was a severe limitation which made it less useful than it otherwise would be in the Highlands. Commenting at a later date, he did suggest that BOTAC's refusal to assist the Cairngorm project, although very disappointing, was useful to the extent that it demonstrated clearly the existence of an unfilled gap in the existing statutory provisions, and so helped to establish the

¹¹ NAS SEP12/217/55 Highland Transport and Highland Development, Minutes of Scottish Office Meeting 5 April 1963, Secretary of State, Sir William Murrie, Messrs Haddow, Campbell, Aglen and Rennie. Minutes dated 9 April 1963; see also Ian Levitt, *The Treasury, Public Investment and the Development of Hydro-electricity in the North of Scotland, 1951-64*, *Northern Scotland*, 24, 2004, 87-88.

¹² *Inverness Courier* 11 October 1963 p.5 The interests of the NTS at Cairngorm are discussed by Robert A. Lambert in 'A Hostile Environment: The National Trust for Scotland, the Cairngorm Trust and early ski developments in the Cairngorm Mountains' in *Northern Scotland*, Volume 21, 2001, 99-120.

case for setting up a Highland Development Authority.¹³ The Secretary of State agreed that further official discussions with the Department of Agriculture should be sought to define, as precisely as was necessary to obtain agreement, the scope of the powers that would be required for effective changes. It would then be necessary to obtain agreement to the enactment of powers drawn in fairly wide terms, on the understanding that in practice, the exercise of these powers would be restricted to the areas which had been defined by the Treasury. It remained the intention of the Secretary of State to have his revised Highland Development paper discussed at the Home Affairs Committee's meeting in two weeks' time.¹⁴

Michael Noble was now making progress with the Future Legislation Committee who, at their meeting of 9th April, had concluded that for the time being, a Bill on Highland Development should be included in the legislative programme for 1963/64¹⁵. However, Noble also had to deal with some combative correspondence with the Minister of Transport, Ernest Marples, one of whose current priorities was dealing with the controversial proposals for British Railways following the report by Lord Beeching. In doing so, Marples was apparently taking little notice of any specific requirements for the Highlands, and Noble defiantly suggested that it seemed impossible for the Government to make a definite statement on Beeching without also recognising the Kilbrandon Highland Transport recommendations, which had been available for several months. Noble stressed the very special circumstances of the Highlands which had justified exceptional treatment in the past, and which he thought would justify special measures now.

Nowhere else in the country is there such sparsity of population and paucity of means of communication over such a large area, which comprises almost half of Scotland and about one-sixth of the land area of Great Britain.

¹³ NAS SEP12/217/62 Secretary of State's comment in a meeting of Scottish Office Ministers on 1 May 1963.

¹⁴ NAS SEP12/217/55 Highland Transport and Highland Development, Minutes of Meeting on 5 April 1963.

¹⁵ NAS SEP12/217/57 Minute 16 April 1963 to Pottinger and Bell [from RHL (?) indecipherable].

Noble was adamant that his new proposed Highland machinery did not imply that the railways' proposals for the Highlands should not be put into effect, but that the new machinery might be the only way of making the railway changes generally acceptable. Marples had accused Noble of wishing to 'hive off a particular geographical area'; whereas Noble insisted he did not want to deal with the railway proposals separately from other forms of transport in the Highlands. He was convinced that would expose the government in Scotland to criticism of fragmenting a recognised Highland problem which did not have a counterpart elsewhere. He felt his proposals for Highland Transport were justified on their merits. But they also fitted in to the wider proposals he was putting forward for Highland Development which he felt to be necessary to make the Scottish Office's general plans for the Highlands effective.¹⁶ Following these further discussions a revised paper was prepared and Noble was still confident his proposals would be considered at the forthcoming Home Affairs Committee Meeting.

The amended plans now omitted all reference to the Hydro Board's amalgamation with the South of Scotland Electricity Board and the need to compensate for the 'social clause' implications, but concentrated on 'Highland transport ... and the need to promote the general economic development of the Highlands', which were identified as 'the two gaps in our present arrangements which could best be filled by new measures to be administered by the Secretary of State assisted by a small Highland Development Board'. The proposals retained the claim that they would 'offset Labour's specious attractions of the wide ranging Highland Development Authority'¹⁷, as Michael Noble was now happy to present his Highland policy as an electioneering issue; whilst also acknowledging Ernest Marples' comments, by qualifying the suggested Highland Transport policy with,

I understand that the Ministry of Transport feels that special arrangements on these lines are unnecessary; and that in their view the new bodies set up under the Transport Act 1962 – the Transport Holding Company and the Railways Board – which are now in the saddle, would be able to provide adequate and co-ordinated road and

¹⁶ NAS SEP12/217/58 Letter April 1963 from Secretary of State for Scotland Michael Noble to Rt Hon Ernest Marples, MP Minister of Transport.

¹⁷ NAS SEP12/217/59 Final version of 'Highland Development' Paper enclosed by Memo 16 April 1963 A.J. Aglen to Under Secretary of State, paragraph 2.

rail services in the Highlands, possibly without subsidy. Even this however, would not meet the special needs of the Highlands where air and shipping services are also involved and where the phasing of the necessary road improvements, which I shall have to fit into the Scottish road programme, will be particularly important. Moreover, we shall not convince Highland opinion that such an arrangement is adequate.¹⁸

In seeking, in effect, some additional cooperation, however minimal, from each of the associated Westminster Ministries – the Board of Trade, the Ministry of Transport and even the Treasury – the Secretary of State was anxious that those concerned should not be hurried into their final decisions, and acknowledgement of this was included in the final paragraph of his plans,

I recognise that the three Departments concerned have had less opportunity to consider my proposals relating to general economic development and while I have felt that these should be drawn to the attention of the [Home Affairs] Committee at this stage, I am content that this should be referred to the Departments concerned for further study.¹⁹

The Secretary of State was still aiming to have detailed proposals approved by around May 1963 to enable legislation to be drafted with a view to introducing a Bill at the beginning of the next parliamentary session.²⁰

By June 1963, the Department of Agriculture and Fisheries Scotland [DAFS] had honed the Secretary of State's ideas down to three clear 'Main Objectives' which were now put forward for the government's final approval,

(a) to implement the recommendations of the Highland Transport Enquiry in favour of the coordination of Highland Transport;

¹⁸ NAS SEP12/217/59 Final version of 'Highland Development' Paper enclosed by Memo 16 April 1963 A.J. Aglen to Under Secretary of State, paragraph 6.

¹⁹ NAS SEP12/217/59 Final version of 'Highland Development' Paper enclosed by Memo 16 April 1963 A.J. Aglen to Under Secretary of State, paragraph 15.

²⁰ NAS SEP12/217/59 Final version of 'Highland Development' Paper enclosed by Memo 16 April 1963 A.J. Aglen to Under Secretary of State, paragraph 16.

- (b) to make improved provision for the assistance of small industries in the Highlands; and
- (c) [looking to the future] to provide new machinery for dealing with Highland development which might meet such reasonable arguments as there are for a co-ordinating Highland Development Authority, and pave the way for the eventual demise of the Hydro Electric Board with its so-called 'Social clause'.

In respect of '(b) assistance of small industries', further comment confirmed that Treasury officials were now sympathetic to the idea of extending the scope of loan assistance to small industries, but, importantly, were opposed to any new powers being conferred on the Secretary of State to give such assistance. The role of the proposed Highland Development Board, as Treasury officials saw it, would be to merely assist borrowers to frame their applications to the Board of Trade Advisory Committee or the Rural Industries Loan Fund; but, more significantly, the same officials had reacted favourably to an alternative suggestion, made in the first place by the Development Commission, that the Highland Fund might be financed out of the Development Fund to give loan assistance to small industries in the Highlands – for new businesses as well as existing ones. They had suggested that the Scottish Office might now wish to approach John Rollo and the Highland Fund on this proposition. An approach which only a few years earlier would have been unthinkable proceeded from this suggestion.²¹

The Board of Trade in Glasgow felt aggrieved at such developments, especially as BOTAC had been seen as the ineffective cog in the wheel of small business development in the Highlands and Islands. They regarded this decision as 'largely political' and admitted that to have any meaning at all, the government would have to permit terms of business which BOTAC could not offer.

I am doubtful how much good providing specially generous assistance to the small man can really do, but the matter will not be judged on this. The issue is largely political, and while the kind of hat the body

²¹ NAS SEP12/217/70 DAFS Submission to Secretary of State 27 June 1963; SEP12/217/72 Minute, W. Baird to Mr Rennie, 1 July 1963 conveying the Minister of State's reply; SEP12/67 Memo, 12 November 1957 from I.L. Sharp to Mr Mackay, Scottish Home Department relating to recognition of the Highland Fund.

giving the assistance wears is of some importance, the terms of the assistance are in my view the key.²²

There was more sympathy with Michael Noble's action coming from London where the Board of Trade replied to Glasgow explaining,

The Secretary of State has dropped his proposal for a new body concerned with Highland Economic Development. After discussions with the Treasury, the Scots have decided that the best thing to do is to consider ways and means of extending the machinery for assistance to small industries with aid from the Development Fund. I am sure this is the sensible thing to do.²³

The 'ways and means' considered, involved discussions by the Scottish Office in Edinburgh with the Treasury, the Board of Trade and the Development Commission in London. Initially, John Rollo accepted the Treasury's suggested ideas.²⁴ The Scottish Office now explained in more detail to the Board of Trade, their ideas for 'the stimulation of small businesses in the Highlands.' What they were seeking to evolve for all the Highlands was what they were calling a 'Super Rural Industries Loan Fund' [RILF]. Instead of this being contemplated as a Scottish Secretary of State activity associated with a Highland Development Board, they had pursued the possibility, in agreement with the Treasury, of arranging the private organisation, the Highland Fund Ltd, to operate in the seven crofting counties, instead of the RILF. Negotiations were now complete, and the formal application from the Highland Fund had been made to the Treasury for the necessary authority and money to operate the scheme which the Scottish Office had in mind. The Development Commission had agreed the proposals in principle, and subject to clarification, the administrative details were to be in parallel to those at present operating for the RILF loans (the RILF would continue to operate in the rest of rural Scotland as before). The Scottish Office were hopeful of an early 'go

²² NAS SEP4/719/13 Memorandum 9 July 1963 C.J.A. Whitehouse, Board of Trade, Glasgow to P.B. Hunt, BoT, London SW1

²³ NAS SEP4/719/14 Memorandum 18 July 1963 P.B. Hunt, Board of Trade, London reply to C.J.A. Whitehouse.

²⁴ NAS SEP4/719/15 Letter, 8 October 1963, John Rollo to the Treasury, accepting the terms of the Treasury Loan Scheme (copies to Development Commission and Dept of Ag&Fish for Scotland).

ahead' from the Treasury, and were confident that a restricted scheme such as this, in its scope and in its funds, would have little more repercussion on Board of Trade interests than the Rural Industries Loan Fund which had worked for years alongside the various schemes of financial assistance to industry administered by the Board of Trade.

Highland Fund - A change of attitude?

Why was it that the government's estimation of the Highland Fund had risen to such an extent that an official approach to John Rollo was now warranted to involve the Fund in government policy? We have seen how, over the period since the Scottish Office's official visit to Norway in October 1961, discussions regarding 'development', 'growth areas' and 'transport' had come to the fore, and even discussion of the idea of a 'development authority' had evolved. Was this purely government talk or was government also reacting to events and ideas beyond the walls of St Andrew's House? There certainly appears to have been an eventful period of opinions and events emerging during the two years of 1962 and 1963, especially concerning John Rollo's activities. By this time, the Highland Fund had been established for almost ten years, and in their own 'small' way had been extremely successful, to the point of perhaps underlining how poor the government's efforts in the Highlands and Islands had been over the same period. The Fund's annual report was well publicised in early 1962, and showed that their total amount of loans made since inception had reached £174,433, with those during 1961 being £46,497.²⁵ John Rollo advised the press that they were approaching the stage when the capital of the Fund would have revolved nearly two times, with losses that were comparatively insignificant – 'in the neighbourhood of 2½%'. Part of the success in the last year had been a loan of £10,500 to the Outer Hebrides Fishing Scheme which had attracted a further £65,000 in government loans and grants and allowed ten new fishing boats to be built. Without the help of the Fund in that year, only five vessels could have been built, and the Fund was now prepared to step up their assistance to £20,000 in the current year. Emphasising the Fund's adaptability, Rollo told how an interest-free loan of £8,000 had also been made available to Highland Home Industries to help

²⁵ National Library of Scotland, ref. P.med.1399, The Highland Fund Ltd; Annual reports for year ending 30 November 1961.

them out of a difficulty. This had been repaid and made available again for the coming year, but with interest the second time. He went on to stress, 'We can rightfully claim that the Fund's existence has not only been justified, but that it is necessary on an ever increasing scale.'²⁶

What was perhaps one of the Highland Fund's most exceptional achievements was also reported around this time. On the 17th March 1962 the coal mine and the neighbouring brickworks at Brora, Sutherland which had both closed down two years before were celebrating their reopening thanks to a Highland Fund loan and John Rollo's business ingenuity. At the time of closure the twenty-six miners and their 100 dependents, among Brora's 600 population, had appealed to the Highland Fund for help, and were answered with a loan of up to £10,000 aimed at encouraging self help and good management of the mine. Every miner was to take ten shillings of his weekly wages in shares of the business, and three of their number were to be directors, along with three members of the Fund, who would act in an unpaid advisory capacity. At first, it all sounded grandly idealistic. However, the practical proof of success became reality at their first Annual Meeting which showed that they had met the loan and 3% interest charge re-payments, paid themselves at union rates, spent several thousand pounds in modernisation and produced a profit of £640 – £40 to reserve; £600 ploughed back into new shares among themselves, and also an interim cash dividend to be paid later. Their main shift production had always been higher than the national average; they had worked overtime on Saturdays at ordinary rates of pay. The miners had all left the National Union of Mineworkers, and were now all bravado about themselves being their own bosses. They could not increase their numbers to thirty or more or they would be nationalised, but they now had excellent relations with the National Coal Board and had received considerable help from them, but the Board could not see a place in the network for a colliery of this size, which catered almost solely for local needs.²⁷

More significantly, one year on, the Brora achievement was to be recognised with a Royal visit to the mine by the Duke of Edinburgh – the first official Royal visit to Sutherland in the 20th century, and according to the local Brora press, it was

²⁶ *The Scotsman* 21 March 1962, 6, Press conference following The Highland Fund Limited 8th Annual General Meeting March 1962.

²⁷ *The Glasgow Herald* 30 April 1963, 16.

the Duke himself who first suggested that he should see what kind of projects had been assisted by the Highland Fund loans.²⁸ A month before the visit, even better Highland Fund results were announced at their 9th Annual General Meeting, giving cause for John Rollo to suggest that, 'After nine years we have completely confounded those self-styled expert critics, who in the early days of the Fund sneered at it as an idealist impossibility.' Although, he went on to confess that despite the Fund's success, 'the problem in the Highlands was really one of such magnitude they could only act as a tourniquet – arresting the bleeding which had been taking place for so long.' The Fund itself could not effect a regeneration of the Highland area, unless it was enlarged very many times over. That so much could be done by a private organisation forming a clear pattern successfully, and lending money at a rate of 3% interest with remarkably low losses, suggested that their efforts magnified on a much larger basis could effect a renaissance of the Highland economy. Referring to the anticipated Royal visit he hoped that the political leaders in Westminster, who could do so much to help the Highland area, would take a leaf out of His Royal Highness's book, and show some active and live interest in the work achieved by the Fund.²⁹

The Duke of Edinburgh started his 'northern tour' with a visit to the glassworks at Wick before travelling south to Brora.³⁰ As well as meeting men and officials, the Duke donned overalls and a miner's lamp to spend fifteen minutes down a 270 foot mine shaft, before touring the adjacent brickworks. Afterwards, the Duke and John Rollo were reported as 'matching fighting words in the cause of Highland development.' The Duke of Edinburgh commented,

I think the Fund has probably done more to bring real help to this area than all the endless reams of reports, all the diatribe and the advice from very able pen wielders ...This has been a fascinating day, and as one who has taken an interest in Highland affairs, I believe it has been one of the most encouraging I have ever spent.

²⁸ *Northern Times* 26 April 1963, 2.

²⁹ NAS SEP12/138/42B The Fund's AGM press coverage 1 April 1963 *The Scotsman*; /42B2 *Press & Journal*; /42C and /43 2 April 1963 *Inverness Courier*; /42C1 *Guardian*; /42D 3 April 1963 *Glasgow Herald*; /44 *The Scotsman* 3 April 1963; and a retyped copy of *Northern Times* article 12 April 1963 with a title label attached "Northern Times" Mr J. Rollo's call to Gov't!! Speech at Fund's Annual GM April 1963' [sic].

³⁰ *Northern Times* 26 April 1963, 2.

Rollo again took the opportunity to 'get back' at his previous critics over the years (for example, Lord Home, David Robertson MP, and the STUC's George Middleton) saying,

The fight for the future of the North was being redoubled in the face of the powerful forces of pessimism, the do-nothings, and the abandoners of the Highlands. These people have been unable to find any factual form of retaliation on us and have therefore resorted to describing us scathingly as sentimentalists.³¹

The Duke's third official duty, not connected with Fund, was the following day when he proceeded to Linwood in Renfrewshire with Lord Rootes to officially open the Hillman Imp car factory, the important new industrial venture in the Lowlands.³² Even if the 'high profile' event of the Duke's visit was the new factory at Linwood, the publicity attaching to any Royal visitor, it has to be assumed, would have enhanced John Rollo's and the Highland Fund's standing in the eyes of the Scottish Office. The Duke of Edinburgh's visit to Brora was 1 May 1963, and the first correspondence in the Scottish Office to 'sound out' John Rollo was 27 June 1963 after discussions with and suggestions from the Development Commission. Did the Duke of Edinburgh's Brora visit mark a degree of official recognition of the Highland Fund in established opinion, after many years of alleged doubt and suspicion?

The Highland Fund, in fact, was now front page news in Scotland even without the Duke of Edinburgh. Another headline featuring John Rollo had arisen from his tenure as President of the Gaelic Society of Inverness. At the Society's annual dinner in 1962 he announced his 'Highland Loan Plea – a proposal to raise a million pound loan to speed the economic and social development of the Highlands and rural Scotland.' This idea was to be put before a special meeting of the Highland Fund. Rollo envisaged loans, from sympathetic members of the public, as low as only £2 to be made to the Fund at a rate of interest of one per cent

³¹ *Glasgow Herald* 2 May 1963, 18 Report headlined as 'Duke's Fighting Words at Brora - High Praise for Work of the Highland Fund'.

³² *Glasgow Herald* 2 May 1963, 18.

per annum. He estimated that if one in ten Scots were prepared to help their country in this way, a million pounds would be forthcoming. About one hundred guests at the dinner showed their readiness to subscribe an initial estimate of £1,000.³³ Even if this project did not take off, there was no shortage of further publicity for the Fund and Rollo. In June 1962, *The Scotsman* had attended the Brora miners' first half-year progress meeting, and provided detailed coverage of the pit's revival and first six months' success. The paper also reported the Highland Fund's attempt to take over the running of the Mound to Dornoch railway line which British Railways had declared would be closed down. The Fund saw this line as an important means of local communication for both passengers and freight, and potentially profitable. However, during negotiations British Railways refused to allow the Fund the freight business, which the railway company set up for themselves using road transport, and BR also refused to keep open their station at the Mound, which defeated any prospect of passenger business, and 'the project naturally dropped dead.'³⁴

In the summer of 1962, the same newspaper dedicated its major weekly feature 'A Scottish Profile' to 'John McConnachie Rollo' which set out his background and the work of the Highland Fund to date in some detail, concluding,

But a very curious thing has been happening over the last few months. Quite suddenly, this lone crusader for so long rather an outcast in official circles has become *persona grata*. Perhaps it has something to do with the hint he dropped to the Gaelic Society of Inverness in April that the Highland Fund is thinking of floating a loan for no less than £1M.

With a final suggestion that,

Perhaps the prophet of prosperity is to become honoured in his own country. Or, perhaps, enough people in authority have come to realise at long last that this blunt, outspoken, hugely energetic man has been

³³ *The Scotsman* 14 April 1962, 1.

³⁴ *The Scotsman* 4 June 1962 Magnus Magnusson on Monday, 'Brora Pit Rejuvenated'.

right all along, and that Scotland could be no less economically viable than any other small country of the same size.³⁵

This positive publicity for Rollo and the Highland Fund appeared a month after the appointment of Michael Noble as Secretary of State for Scotland. Was this kind of publicity influential in Noble's ideas regarding his newly inherited 'Highland Problem'?

On the other hand, for the Scottish Office, several months later there was an unfortunate juxtaposition of Highland news. While the front pages of 1st May 1963 showed the Duke of Edinburgh emerging from his successful visit down the pit at Brora, courtesy of the Highland Fund; the neighbouring columns were reporting the 'Cairngorm Ski Plan Collapse', and BOTAC's refusal to assist the Cairngorm Board with their proposed 'ski-lift' developments. In fairness to BOTAC, the coverage explained that the genuine reasons for their predicament were in the constitution of the Cairngorm Board. It was a non-profit making organisation run by volunteer effort. The Board of Trade committee took the view that it would have been better if there had been shareholders with a conventional business framework to carry the risk of a £50,000 loan of government money. The Scottish Office embarrassment could only increase later in the year when the Highland Fund came to the aid of the Cairngorm Board, albeit for a lower sum of a £10,000 loan to be matched by a similar contribution by members of the Cairngorm Board, which was the Highland Fund's way of sharing the risk – in effect applying the same business principles as the government, but with the Fund's additional flexibility.³⁶ A flexibility which we have already seen was recognised by Michael Noble as 'clearly demonstrating the existence of an unfilled gap in the existing statutory provisions and so helped to establish the case for setting up a Highland Development Authority,'³⁷ although his ambitions for an authority had been, in practice, diluted to 'sounding out' John Rollo and the Highland Fund.

If Secretary of State, Michael Noble had lost out on his original ideas for a Highland Development Board, when the Electricity Boards' merger did not

³⁵ *The Scotsman* 18 August 1962, 3 'A Scottish Profile' by Magnus Magnusson.

³⁶ *Glasgow Herald* 3 May 1963 and 10 October 1963; 'A Hostile Environment: The National Trust for Scotland, the Cairngorm Trust and early ski developments in the Cairngorm Mountains' in *Northern Scotland*, Volume 21, 2001, 99-120.

³⁷ NAS SEP12/217/62 Secretary of State's comment in a meeting of Scottish Office Ministers on 1 May 1963.

materialise as he had earlier envisaged, he had made up for it with his speed of action in engaging the Highland Fund. No sooner had Noble received authority in mid-July 1963, to approach the Fund, than John Rollo was invited in that same month to St Andrew's House. Speaking later to a meeting of the Inverness Chamber of Commerce at Inverness Town Hall, on 'Highland Development and the Highland Fund', John Rollo described his first 'Scottish Office' experience saying,

as a man who had been regarded as a 'pariah dog' [by Scottish officialdom] he had been astonished when he was invited to St Andrew's House in July and asked right out of the blue if the Highland Fund was prepared to act as agents for the government, if a sum of £50,000 per annum was given for a period of 3 years, as a revolving loan for small industries in the Highlands.

This had been Rollo's introduction to what became known as 'The Treasury Loan Scheme'. He went on to explain an initial major difficulty, that the Treasury had demanded an interest rate on their loans of 6%, which was twice the rate of existing Highland Fund loans. At first the Highland Fund had refused to accept the scheme with such a condition – the rate was too high, and would not create any takers. However, Rollo and other Fund members agreed that it would be a pity if a sum of £150,000 from the Treasury for Highland loans was lost, and they sought additional donations from Highland Fund supporters to help pay the balance over the Fund's normal 3% charge. This was achieved, and with the Fund making up the difference between the 3% and 6% interest rates, where necessary, the scheme was agreed. In Rollo's own words,

the Treasury, the power which transcended all Governments, offered £150,000 to the Highlands over a 3 year period. So for once, the Highlands had something for which to thank the Treasury.³⁸

³⁸ *Inverness Courier* 15 November 1963, 7.

The basic details of the scheme in the words of the Department of Agriculture and Fisheries Scotland were,

- (1) The Highland Fund Ltd agreed to administer an Official Loan Scheme to be financed from the Development Fund. The Highland Fund Ltd already administers private funds amounting to approximately £150,000, and offers loans to crofters, fishermen and farmers, and assists with the encouragement of tourism and expansion of small businesses in the Highlands and Islands.
- (2) The scheme provides for the establishment of a revolving fund which will accumulate £50,000 annually as required over a period of 3 years to a total of £150,000 – maximum borrowing £7,000; Building loans 15 years; other loans 5 years.
- (3) The services of the Scottish Country Industries Development Trust will be freely available in the Highland and Islands.³⁹

The Treasury Loan Scheme was announced in October 1963, three months after John Rollo's call to the Scottish Office, and was greeted with muted enthusiasm. Perhaps 'those in the know' were expecting more substantial help for the Highlands. This Treasury backing for the Highland Fund was 'another illustration of the Government's cautious and sometimes belated help for bodies struggling to develop tourism and industries,' was one press reaction. It was recognised that government help came in several ways to the Highlands, whether it was State funds in loans or grants to crofting, fishing and forestry, three of the pillars of the Highland economy, or funding for big undertakings like the new pulp mill at Corpach, and even the benefits of the Local Employment Act were available to the Highlands, as well as to other areas of high unemployment. There was no lack of plans for the Highlands or of agencies at work there, but what seemed to be missing was a comprehensive economic strategy and coordination of all the machinery. Yet at one stage, it was observed, the government seemed about to launch a Development Authority.⁴⁰ Even the Church of Scotland publicly

³⁹ NAS SEP12/14/001 APH(63)123 Memorandum 21 November 1963 from Department of Agriculture & Fisheries Scotland - 'Highland Fund - Official Scheme'.

⁴⁰ *The Scotsman* 17 October 1963, 8 Editorial.

welcomed this 'Grant to the Highlands' – but wanted more to be done. The Church's spokesman was the Reverend T.M. Murchison, once the crofting minister in Kintail and the 'Highlands activist' in the 'Highland Development League' of the 1930s, who was now a parish minister in Govan and Convenor of the Home Board of the Church of Scotland at the Commission of Assembly. He was also a long serving member of the Council of the Highland Fund. He called the new loan scheme 'a very welcome step, but one which was very small in relation to the great need. This was only a patching of a fabric that is falling down.'⁴¹

The status of the Highland Fund rose again in February 1964, when it was announced that the Duke of Edinburgh was now to be its Patron. This was in recognition of the Fund's achievements in assisting industry in the Highlands and helping to arrest depopulation there.⁴² John Rollo, as chairman of the Fund, acknowledged that in the Duke of Edinburgh, 'they had found a wonderful supporter in Highland matters,' and with Tom Johnston continuing to hold the role of Honorary President, Rollo was able to comment that 'the Fund was now most extraordinarily respectable', and that 'it was only as recently as 1961 that it had been publicly sneered at as an idealist and philanthropic organisation'.⁴³ The Duke of Edinburgh's patronage of the Fund came on the back of the news that after only a few weeks the Treasury Loan Scheme had already received nearly forty applications totalling £40,900, with £7,000 already approved, and Rollo foresaw that the first £25,000 of the government's money could be lent by the middle of December.⁴⁴ In an address to the Highland Panel's Development Group to explain the new Scheme, John Rollo also told of the problems in many applications received, that the accounts and books of business were in a shocking state and often out of date. Many applicants were under capitalised, very short of liquid capital owing to high debtors' accounts, and tottering on the brink of insolvency. He blamed accountants in the Highlands for this depressing situation in which the Fund could do little to help. He thought the Scottish Country Industries Development Trust services should be extended to include accounting for small

⁴¹ *Glasgow Herald* 18 October 1963, 7.

⁴² *Glasgow Herald* 21 November 1963, 1.

⁴³ A reference perhaps to such comments often coming from the Scottish Trades Union Congress.

⁴⁴ *Glasgow Herald* 30 November 1963, 14.

firms (as distinct from business management advice).⁴⁵ This of course, would also have been the experience of BOTAC, and would explain the difficulties of a government body trying to help small Highland businesses, as with the Cairngorm Ski Lift example.

The government further enhanced their recognition of the Highland Fund when, in February 1964, Michael Noble appointed John Rollo to membership of the Highland and Islands Advisory Panel. Noble took the opportunity that month to address the Panel, if only to emphasise the several positive aspects which had now accumulated over recent times, while also suggesting that current developments were as a result of a longer perspective of the 'Programmes for the Highlands' which had been introduced by his predecessors. For example he traced the development of tourism in the Highlands quoting figures of half a million visitors in 1950 compared with an increase to 1,279,000 in 1957. In 1950 the tourist trade was worth £7M to the Highlands. In 1964 this had increased to £20M. The 'Highland' ferries at Kylesku, Ballachulish and Lochalsh which had carried 37,000 passengers in 1950, were now recording figures of 280,000. Perhaps more importantly one thousand more people were employed in hotels and catering than ten years before, with the total now at 7,000.⁴⁶ He listed industrial development in the Highlands as the major new pulp mill which was under construction at Fort William, the longer established A. I. Welders at Inverness; and included a new distillery at Invergordon, the Sutherland Brick Company at Brora, Caithness Glass Works at Wick, and a new sawmill operation at Strachur, Argyll.

Noble had kind words for the work of the Crofters Commission which was now under the chairmanship of James Shaw Grant, previously editor of *The Stornoway Gazette*. A major achievement under Sir Robert Urquhart's chairmanship had been reclamation of 17,000 acres of moorland and rough grazing mainly in Lewis and Shetland, thanks to the crofters' policy initiative of the 'three R's' – regeneration, reclamation and reseedling, with the government's assistance of the Crofters' Agricultural Grants Scheme. Fishing was briefly mentioned in relation to the part the Highland Panel had played in the introduction of a six mile limit to exclude foreign fishermen from British waters; and the fact that the

⁴⁵ NAS SEP12/14/001 APH(63)130 Minutes of the Highlands & Islands Advisory Panel Development Group 22 November 1963, Minute 3 The Highland Fund Ltd.

⁴⁶ This comment contrasts directly with Noble's predecessor Walter Elliot in 1936, who was against having 'the race being engaged in the tourist industry' as quoted in the 'Introduction'.

Highlands and Islands had shared in the increased landings of shellfish in recent years. The Secretary of State also welcomed the Panel's contributions to the current transport debates. The Highland Panel had been instrumental in bringing about the new Highland Transport Authority which had been suggested by Michael Noble, and he noted that this was the first time an attempt had been made in Britain to look at all forms of transport as a whole in a single region, and to consider how a properly integrated system could be developed. The major transport controversy – the Beeching Report on British Railways which was about to be published – was specifically avoided by the Secretary of State; but he did mention that in the last eight years there had been £20M of government grants for roads in the Highlands.

The Secretary of State recognised the value in the work of the Panel's Development Group in their training of County Development Officers. He awaited the report of the Agriculture and Forestry Group's comprehensive land survey, and the Fisheries Group's consideration of the marketing and the development prospects for the shellfish industry in Highland waters. Perhaps more significantly, he made a point of recognising the importance of smaller enterprises, 'as did the Development Commissioners', and stated that the new Loan Scheme now being administered by The Highland Fund Ltd went a long way to meet these objectives. Noble reported that,

Mr John Rollo, Chairman of the Fund, who I have just appointed to the Panel, is active in these affairs, and is greatly encouraged by the number of applications and enquiries received in the first few months of this operation.

He also explained that the Scottish Country Industries Development Trust had been given a wider remit to organise and seek out latent enterprise, and to give necessary guidance in business management and production techniques, with the needs of the Highlands and Islands particularly in mind, emphasising that 'financing and servicing must go hand in hand'.

The Secretary of State stressed that everything that he had mentioned was 'complimentary to the programme of works outlined in the 1959 Highland Policy White Paper' and that 'generally, that Programme is being fulfilled.' For the future, Noble said that a new look at the Highlands and a re-appraisal of their

economic prospects had already begun. This was being carried out by the Scottish Development Group, but the Secretary of State was obliged to qualify this reassurance with the fact that,

... the priority of this Group was being given to Central Scotland which has 90% of our population and 75% of our productive industries ... but we made it clear that the examination of measures for other areas which must necessarily be different in scale and characteristics would rapidly follow on ... we are planning for the next 20 years and beyond ... it is vital to make the correct diagnosis before recommending the appropriate treatment [and this] task is to be completed within next 12 to 18 months.

In fact, this particular 're-appraisal' had arisen from the more recent White Paper 'Development in Scotland' produced as a direct result of the Tothill Committee of Enquiry which had found few, if any, friends in the Highlands. John Rollo had been among those who had openly criticised the White Paper a few months before as, 'having nothing on the Highlands and Islands'⁴⁷, so while the Secretary of State now explained that,

The Scottish Development Group had already started a detailed survey of the population and economic prospects over the next twenty years, on which to base plans for land use and public investment, and towards which Government Departments and Local Authorities can work [including] examinations of the distribution and age structure of the population and migration trends; of the employment and unemployment situation; of the industrial framework and of public services and utilities,

he was careful to add, by way of reference to the Highlands, that

⁴⁷ Inverness Courier 15 November 1963, 7.

Studies will examine the importance of regional centres such as Inverness and Fort William ... the present population pattern ... and will try to assess the potential of the various parts of the region for industry, for tourism and indeed for forms of activity which seem appropriate to any particular area. Agriculture, Fishing and Forestry will of course be among the more important studies as well as prospects for other types of industry.

As the Secretary of State was also awaiting the results of the Panel's own Development Group's Review of the Highlands and Islands, he was perfectly entitled to suggest it was 'too early to say any more'.⁴⁸

However, the fact that Michael Noble was happy to address the Panel would suggest his first sixteen months as Secretary of State had gone reasonably well. He was fortunate to have inherited a very experienced staff whose duties were focused towards the Highlands and Islands. Mention has been made of Robert Grieve whose planning career went back to the 1940s; but equally Messrs Law, Aglen, Senior and others were able and experienced civil servants over a similar period who appear to have continued to focus effort towards the Highlands and Islands at a time when the suggestion was that 'the weight' of the Toothill Report might be leaning government policy towards the Central Belt.⁴⁹ The worth of the Highland Panel also appeared to come to the fore in these last few years. The Panel, of course, was strictly 'advisory' with no policy making powers. However, their 'eye-opening' experience of their short visit to Norway was especially valuable in demonstrating the achievements possible in a relatively hostile landscape when the full necessary support is provided by a sympathetic government. The hostile landscape of Norway, of course, was a 'national' problem, and as such could be tackled head-on by the one hundred per cent effort of a government willing to provide adequate resources. The landscape's hostility was tempered by its ability to be suitably harnessed to provide hydro electricity, and this was achieved in Norway long before the concerted efforts of the North of Scotland Hydro-Electric

⁴⁸ NAS SEP12/14/001 APh(63)130 Minutes of the Highlands & Islands Advisory Panel Development Group 22 November 1963, Minute 4 Address by the Secretary of State for Scotland.

⁴⁹ See Law and Aglen's comments in 1962 at footnotes 20-21 of previous chapter.

Board in the Highlands established in 1943. The 'regional' status of the Highlands and Islands, not just in Scotland, but even more so in relation to Great Britain, meant little sympathy from national authorities unwilling to consider variations to government policy for a singularly different region of the United Kingdom. Looked at from such a perspective Michael Noble's success in establishing even the Treasury Loan Scheme with full UK government approval, could be seen as a considerable achievement. Noble, as has been mentioned briefly above, was also alive to the obvious disadvantages of the Highland transport system, which unlike the remainder of the UK was dependent not only on road and rail, but also, for obvious geographical reasons, sea and air travel was equally important. The vagaries of Highland transport in the Highlands and Islands will be considered in the following chapter.

CHAPTER FIVE

Highland Transport

Problems Identified

In his efforts to validate the Scottish Office's assistance to Highland development, Michael Noble as Secretary of State for Scotland in 1962/63 tried to adjust the emphasis of general development towards the specific perennial problem of transport in the north of Scotland and the islands. For a decade or more the Labour and Liberal Parties and the Scottish Trades Union Congress had sought a comprehensive Highland Development Authority for the north west counties. Noble's intention, as noted above, appears to have been to create instead a Highland Transport Board, while at the same time adapting the existing Scottish Country Industries Development Trust to deal with the encouragement of small industry – a 'strategy to cover the Highlands' two pressing needs.¹ Transport was a long standing element of the 'Highland problem'. In the 1930s, the cry from the Isles had been to replace ancient footpaths with proper roads since the motor car was becoming the established means of transport in the rest of the United Kingdom.² By the 1950s there had been some progress, but on the mainland, vehicular access continued to be a problem for many areas, especially in the north and western Highlands, cursed by the provision of only 'single-track' main roads (with passing places). The, by now, ageing railway service had a presence in Oban, Fort William, Inverness, and beyond to Mallaig, Kyle of Lochalsh, Wick and Thurso, but their timetabling and facilities were little different from the turn of the century.³ MacBrayne's shipping services continued to ply the West Coast sea routes from the River Clyde to the islands, and more recently air services were a boon to not only the Western Isles, but also to the Orkney and Shetland Islands. This chapter will demonstrate how the apparent government neglect of transport in the Highlands and Islands over previous decades came to be addressed at official

¹ NAS SEP4/1929 R.H. Law's paper, (DAFS) 'A Strategic Appreciation of Highland Development' (sent to Sheldrake, Grieve, Whitworth and Russell), 12 October 1962, paragraph 19.

² See Chapter 1 page 15. NAS DD15/2/5, Letter to T.B. Wilson-Ramsay MP from D. Ferguson 7 November 1932 and forwarded to the Secretary of State for Scotland, and NAS AF43/345/48, Sir Godfrey Collins' letter to T.B. Wilson-Ramsay MP 27 June 1935.

³ NAS SEP12/9/2 APH(54)11 Confidential Report by Highland Panel Transport Group discussed at the Highland Panel's 57th Meeting 17 December 1954.

level during the 1950s and early 1960s, though not without the determined efforts of the senior membership of the Highlands and Islands Advisory Panel.

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From its outset in 1947, the Highlands and Islands Advisory Panel treated 'transport' as one of its major issues. In 1949, the Panel had approached the British Transport Commission to suggest the need for government assistance for the relief of transport charges in the Highlands, 'at least on traffics which were essential to ensure economic development and to maintain a reasonable standard of life.' They received no sympathy, with the reply that the government could hardly be expected to subsidise transport users in one part of the country at the expense of those in other parts.⁴ The British Transport Commission may have been informed otherwise by the following year after the Secretary of State's attendance at the Panel's meeting in June 1950 when he was 'in complete agreement there could be no development in the Highlands without improved communications', and assured the meeting that 'the special problems of the Highlands had been brought to the notice of the Ministry of Transport and of the British Transport Commission.'⁵ Lord Malcolm Douglas-Hamilton as MP for Inverness secured a 'Highland Transport' debate in the House of Commons in 1951 in which he suggested that Transport in the Highlands was very different from the rest of Britain. It required an approach akin to that applied to a colonial country with great area and sparse population. The Highlands needed special consideration and the Foreign Secretary had said as much on his recent visit there. Lord Malcolm contrasted the Foreign Secretary's announcement then, when he said the Highlands could have £750,000 for road construction, with his 'rather sad more recent announcement of the miscalculation by £1¼M on the Festival of Britain site for London'. Lord Malcolm went on to detail the problems across all the Highland transport facilities, whether road and mainland rail services and the corresponding problems of freight charges, or the islands' lifeline of the several steamer services which he compared to 'Norway's very much larger coast line', and suggested increasing the number of piers as a way of progressing services to islanders, as well as the 'establishment of

⁴ NAS SEP12/2 Highlands and Islands Advisory Panel [H&IAP] Minutes of 19th Meeting 25 March 1949; 3, 5 Freight Charges in the Highlands - British Transport Commission's comments.

⁵ NAS SEP12/2 H&IAP Minutes of 25th Meeting 7 June 1950.

a flying-boat service on the west coast particularly'. He was supported by contributions from the members of parliament for Argyll, Ross and Cromarty and Orkney and Shetland. In reply the Minister of Transport, Alfred Barnes, simply restated the current financial assistance to transport in the Highlands, including the subsidy to MacBrayne's, without taking up Lord Malcolm's main point regarding the inadequacy of government help to the Highlands compared to other facets of government expenditure.⁶

During a debate relating to the 1950 White Paper 'A Programme for the Highlands' emphasis was again put on the Highlands' distinctiveness. Jo Grimond, MP for Orkney and Shetland, stressed that the Highlands differed not only from England, but also from the Lowlands of Scotland. Some of the differences were of degree, for example, climate and soil, but others were more fundamental. He suggested that in many ways the Highland situation was more akin to Scandinavia or one of the developing colonies than to close knit industrial civilisations. The Highlands and Islands had a system of land holding found nowhere else in Britain, and they had distinctive economic problems. Many laws and regulations which suited London and the South perfectly well, looked very odd when it came to apply them in Shetland or even in Wester Ross. For example, there was the Catering Wages Acts and parts of the Town and County Planning Act, which being drafted on a UK basis were suited more to the industrialised south, and simply did not suit Highland conditions.⁷ Malcolm Macmillan, MP for the Western Isles and also chairman of the Highlands and Islands Advisory Panel, raised the possibility of the Panel having more than just 'Advisory' powers, concluding, "But I personally favour the idea of a Highlands & Islands development board."⁸

Any official desire to provide distinct help for the Highlands' problems continued to be confused when in May 1951, the Secretary of State, Hector McNeil, insisted, 'the Panel's proposals should rightly run the gauntlet of discussion in elected assemblies, central and local'; while Lord Wheatley, the Lord Advocate, at the same meeting, assured the Panel members, he was 'fully aware and sympathetic to the problems in the Highlands which often conflicted with the

⁶ *Hansard* 485, 264-265, 22 March 1951 Highlands & Islands (Transport).

⁷ *Hansard* 487, 429-430, 25 April 1951 'Programme for the Highlands and Islands' White Paper Cmnd.7976.

⁸ *Hansard* 487, 470-484, 25 April 1951.

problems of the UK as a whole ... The task was to develop existing industries and introduce suitable new industries, and the co-operation of all authorities and individuals was absolutely essential for success.⁹ By the end of 1951 a general election had brought in a new Conservative government with Winston Churchill as Prime Minister. The last of his new official appointments was the creation, for the first time, of a Minister of State for Scotland at the Scottish Office – possibly to counter recent Scottish dissatisfaction with remote government. The new Minister would be devoted entirely to Scottish questions, working on them from St Andrew's House, and only appearing in Westminster when it was necessary to explain what government action was being taken. Lord Home was appointed and the Prime Minister suggested that the problems of the Highlands would be his priority.¹⁰ Lord Home pledged to tackle four main problems. First, further depopulation of the Crofter Counties; second, he sought to promote the development of hill farming with better basic facilities in housing and water supplies; third, he gave his backing to a vigorous forestry programme to replenish areas which had suffered from uneconomic felling during the war; and fourth he would devote his energies to a new drive for better roads to help the development of Scottish industry, agriculture and forestry. He emphasised that as he would be resident in Scotland, and in daily touch with industry and with local authorities, he, or any Minister of State, would be able to keep his finger on the pulse of the social and economic life of Scotland.¹¹ Within days Lord Home attended his first Highland Panel meeting where he explained his new role and confirmed he regarded the Advisory Panel as 'specialists in Highland problems and hoped that it would continue to express non-party views'.¹² Regardless of political party, government officials who addressed the Highland Panel, inevitably had kind words to say for the Panel's efforts and opinions, but very seldom was there any hint of the offer of government action.

⁹ NAS SEP12/2 H&IAP Minutes 32nd Meeting 16 May 1951 at Oban with Secretary of State Hector McNeil and the Lord Advocate [APH51/5 Development of Industry in the Highlands].

¹⁰ *Hansard* 494, 380-381 and Lords' Parliamentary Debates 1951-1952 Vol.174 20 November 1951 Columns 381-400 Self-government for Scotland.

¹¹ John Dickie, *The Uncommon Commoner; A Study of Sir Alec Douglas-Home* (London, 1964), 89-92.

¹² NAS SEP12/2 H&IAP Minutes 36th Meeting 7 December 1951 - Earl Home's first address to the Highland Panel.

By December 1952, Panel member R.H. Bruce was insisting to his colleagues that 'a new fundamental approach was necessary to solve road difficulties' and that, 'everybody knew that Transport was the key problem in the Highlands'. He suggested that a Scottish Road Board should be set up in Edinburgh completely free of London control and responsible to the Secretary of State, with the finances coming from the money derived from motor taxes in Scotland. He was supported by Jo Grimond who suggested that £2Million a year was not an enormous sum to expect as an investment in Highland roads.¹³ Seven months later, John Cameron drew the Panel's attention to the fact that although the recommendation for increased tapering of freight rates for the Highlands had been made three years before by a Joint Committee on Highland Transport, nothing had yet been done. "It was a great pity," he added, "that action on this simple proposal had to be delayed because it was apparently tied to a country-wide charges system." There was, however, some consolation at this time with a parliamentary announcement that the Chancellor of the Exchequer had agreed an additional grant of £1Million for reconstruction and improvement of Highland roads,¹⁴ with the specific locations of these works being confirmed eight months later.¹⁵ In the meantime, railway freight charges were increased again across the UK, and the Panel now sought their own meeting with the British Transport Commission chairman Sir Brian Robertson to personally emphasise their disquiet.¹⁶ Such was the haphazard nature of government decision-making which faced the Highland Panel and the Scottish Office in their task of improving the way of life for the people in the north of Scotland.

Transport and its costs did not escape the attention of the Commission of Enquiry into Crofting [The Taylor Report]. Their comments included that some township roads were so rough they became almost impossible for motor traffic, and that some traders refused to use such township roads, with deliveries being

¹³ NAS SEP12/2 H&IAP Minutes 42nd Meeting 5 December 1952 - 3 Roads.

¹⁴ NAS SEP12/2 H&IAP Minutes 47th Meeting 17 July 1953.

¹⁵ NAS SEP12/2 H&IAP Minutes 51st Meeting 19 March 1954 - 4 Highland Roads: Secretary of State's written reply 18 March 1954 to a Parliamentary Question - Borgie to Naver Bridge A835, Sutherland; Hope Bridge, Sutherland; Loch Clash, Lairg A832; St Catherine's to Strachur A815, Argyll; Ford to Kilchrennan, Class III road, Argyll; Polloch to Strontian, Argyll; Glen Finart to Whistlefield, Argyll; Diversions between Connell and Ballachulish A828, Argyll; Glenelg to Shiel Bridge, Inverness / Argyll; Achnasheen to Gairloch A832, Ross & Cromarty; Broadford to Armadale, Skye; or Tarbert to Rodel, Harris - details from APH(53)64.

¹⁶ NAS SEP12/2 H&IAP Minutes 50th Meeting 28 January 1954 - 11 Freight charges.

made by depositing their goods at the point where the township road joined the highway. The observation was made that people did not mind living in remote places, provided they were accessible, but under current conditions communities had little chance of retaining their populations. It was noted that some County Councils would not take over a road unless it had a tarmacadam surface, which 'seems to us a high standard [to demand]'.¹⁷ Diverse as the conditions were throughout the crofting area, the one complaint to the Commission which had been universal was the high costs of carriage both by land and sea, and the strain which these imposed on the precarious economy of the remote communities. The Commission was aware that many representations had already been made regarding freight charges to the Ministry of Transport, and they believed it to be a matter of widespread and well justified public concern in Scotland. While they did not intend to burden their report with detailed figures which had already been provided to the authorities, they felt they would be failing in their duty to the witnesses who had appeared before them if they did not make it clear that they 'regarded some alleviation of the cost of carriage as a matter of life and death for the crofting communities'. They emphasised the importance of this matter by commenting,

*We strongly recommend [sic] that the consideration of this question [freight charges] together with the cognate question of transport services should be treated as a matter of extreme urgency affecting the very existence not only of the existing townships but of the whole community of the Highlands & Islands in which they are set.*¹⁸

Further ideas for roads arose from the Panel's discussions following the publication of the Taylor Report. Jo Grimond suggested that the proposed Crofting Commission should be able to deal with the provision of public facilities such as access roads for crofting areas. An objection that this would interfere with the duties of Local Authorities was denied by Mr Walker, Panel member and Inverness-shire county councillor, who saw no conflict. He suggested that

¹⁷ Report of the Commission of Enquiry into Crofting 1954; Cmnd 9091, REPORTS, Commissions etc, (1) 1953-54 Vol. VIII, 69 para 224. [The Taylor Report].

¹⁸ The Taylor Report into Crofting, 69 para 225.

Township Roads could be built entirely from Commission money, and then handed over to the Local Authorities to maintain. John Cameron also offered the view that to ensure the Crofting Commission did not work in a vacuum they should be given a specific duty similar to the Hydro-Electric Board, 'to collaborate in the carrying out of any measures for the economic development and social improvement of the Crofting area'. The Panel voted to agree both these propositions¹⁹. This is but one example of the Panel's positive suggestions falling on deaf government ears.

Another basic transport problem highlighted by the Panel's reports at this time was the government's insistence that new roads in the Highland area should continue to be built as single track, no wider than the traditional ten feet. This was currently the case with the renewal and repair of the important tourist route at Invergarry (south of Loch Ness connecting with Glen Moriston and Glen Shiel). Iain Hilleary, a member of the Panel's Transport Group, who was also chairman of Inverness-shire County Council's transport committee, insisted such action merely continued a standard which was already out of date. Touring buses, which were now eight feet wide and could not use many of the narrow Highland roads, were here to stay, and there was a definite loss to the Highlands because roads were so often not of double width. The policy of retaining such roads now endangered the success of an increasing tourist industry. The Panel agreed that this specific matter must be raised with the Ministry of Transport,²⁰ perhaps if only to emphasise the comments which had featured in the recent Report of the Royal Commission on Scottish Affairs,

... the main criticism which we received regarding the [Transport] Ministry's operations [in Scotland] referred to road construction and maintenance, and we have already recommended that the Ministerial responsibility for these matters and a number of related functions, for example, ferries, the issue of road fund licences, road safety etc should

¹⁹ NAS SEP12/2 H&IAP Minutes 53rd Meeting 11 June 1954 - Discussion of the Taylor Report into Crofting [Also APH(54)27].

²⁰ NAS SEP12/2 H&IAP Minutes 56th Meeting 29 October 1954, 6. Roads - Sixth Progress Report.

be transferred to the Secretary of State for Scotland and exercised through one of the Scottish Departments.²¹

The criticisms of Highland roads continued to go beyond just trunk roads for tourist traffic. The Panel kept to the fore the necessity for improvements to local roads, and the fact that there were many areas in the Highlands & Islands which now required new local roads to be constructed, a demand which, as shown above, was beginning to be tackled officially.²²

At this time also, the difficulty of travelling on railways in the Highlands was raised as an issue, and the Transport group of the Highland Panel responded accordingly with a report prepared in conjunction with the Scottish Council (Development & Industry) and presented to the Panel's December meeting in 1954 by their Transport group chairman Major R.H. Bruce. There had been little, if any improvement in railway services for the Highland Counties in the past fifty years, especially in relation to running times and connections. The railways had failed to meet the competition from road transport through neglecting the challenge to offer improved, competitive services for both the travelling public and the carriage of goods. Basic recommendations in the report included, 'the so-called "Terminus" of main line passenger trains to the North should be Wick, and not Inverness' ... and that the use of light diesel trains should be seriously considered on branch lines to provide convenient connections with main line trains. It was suggested that with the magnificent scenery through which Highland railways ran, there should be 'Observation Coaches' such as those attached to trains in the United States, providing not only a great visitor attraction, but encouraging travel on the railways.

As well as the poor timetabling of services, passenger amenities had been described as virtually non-existent, and the Report recommended much higher standards of waiting and refreshment rooms, particularly at Junction Stations, together with a marked improvement in rolling stock especially for through coaches to and from stations north of Inverness and to the South, and for the boat connections between Inverness and Kyle of Lochalsh. Their criticisms were

²¹ *Reports; Commissioners &c (12) 1953-1954 Volume XIX* July 1954 Cmnd.9212, Report of the Royal Commission on Scottish Affairs 1952-1954, p70 (v) Ministry of Transport and Civil Aviation, Transport Functions, para 236.

²² NAS SEP12/2 H&IAP Minutes 57th Meeting 17 December 1954 - 4 Matters Arising (d) Highland Roads.

directed at the system of a controlling administration which had failed to realise the importance of railway services in the Highlands, and had followed a policy of 'makeshift' rather than one of expansion and improvement.²³ Major Bruce told the Panel that he had already had an informal, but most helpful discussion with British Transport Commission officials in Glasgow, but until the new railway set-up in Scotland had come into operation it was unlikely that much could be done on the lines recommended in the Memorandum. The Commission officials had acknowledged that this was the first time they had had submitted to them a memorandum dealing comprehensively with railway problems in the Highlands from the passenger's point of view. The Panel agreed with Major Bruce's suggestion that there would be some advantage in offering the British Transport Commission an opportunity to provide official comments on the recommendations being put forward in the memorandum.²⁴

Essentially both roads and railways in the Highlands required considerable attention to improve their standards, and in the railways' case, their standards of service. Highland Panel reports and comments had highlighted the several problems, but could their 'advisory' role provide more practical benefits to assist with this important element of improving life generally in the Highland and Islands areas, not only for road and rail, but also for sea and air services? The basic Highlands and Islands problem was one of distance – across difficult terrain and/or water, or open seas – both on a quite different scale to the remainder of the UK. Only a clear appreciation of this, and an acceptance by the authorities to help to relieve the related problems of travel and freight costs would begin to resolve the perennial problem.

New Initiatives

What was perhaps a key change for the Highlands and Islands Advisory Panel came with its re-appointment for a further four years in January 1955 and the appointment of a new chairman, Sir John Cameron, a Panel member from the outset, and recently knighted for his services to the Scottish Bar as Dean of the Faculty of Advocates since 1948. In 1955 he was appointed a Senator of the

²³ NAS SEP12/9/2 APH(54)11 Confidential Report by Highland Panel Transport Group discussed at the Highland Panel's 57th Meeting 17 December 1954.

²⁴ NAS SEP12/2 H&IAP Minutes of the 57th Meeting 17 December 1954 - 4 Matters Arising (g) Difficulties of travelling on railways in the Highlands.

College of Justice and a Lord of Session.²⁵ His keen interest and enthusiasm for the Highlands & Islands could perhaps be attributed to his antecedents in the Lochbroom area of Wester Ross. Lord Cameron's 'panel' was more focused and effective, especially on the transport question.

Halfway through Lord Cameron's first year in the chair, the Panel was reporting on the £1M Highland roads programme with nine projects now underway whose progress ranged from 'almost complete' to 'survey begun'. More significant, however, was the announcement that the Ministry of Transport's responsibility for roads in Scotland would be transferred to the Secretary of State for Scotland on 1st April 1956; and that the Crofter Counties road programme for 1955/56 had an allocation of £350,000 with two major reconstruction schemes planned. The issue of road widths came before the Panel following an accident at Dundonnell where a large tourist bus had overturned at the side of the road. Nevertheless, the Ministry of Transport continued to insist on '10 feet road widths with inter-visible passing places for the Highlands', rather than 12 feet or 13 feet roads which [the Ministry suggested] might encourage vehicles to pass each other on verges; but they did relent to Mr Hilleary, with the agreement of an 11ft carriageway for the new Invergarry to Invermoriston road.²⁶ The same argument erupted again when a double carriageway was announced for only one section of the new Inverness-Cluanie trunk road, and the Highland Panel recommended to the Ministry the need for all new trunk roads in the Highlands, and particularly Fort William to Mallaig, to be double width as recommended by Inverness County Council. The Ministry of Transport had refused on the grounds that money available for road works throughout the country was limited, and because the volume of traffic on these Highland roads did not, in the Minister's opinion, justify the addition of 50 per cent to the cost which double carriageways would entail. Bridges and culverts would, however, be made sufficiently wide to enable construction of roads to double width in the future, if the traffic volume justified this, and if funds were available. Mr Allen of the Ministry of Transport, who was present at a subsequent Panel meeting, explained that 400 vehicles per day was the

²⁵ *The Guardian* 6 June 1996, 15 - Obituary of Lord Cameron by Brian Wilson; Oxford Dictionary of National Biography <http://www.oxforddnb.com/view/article/40293>, accessed 12 November 2007.

²⁶ NAS SEP12/3 H&IAP Minutes 60th Meeting 10 June 1955; 4 Highland Roads (a) and (d); and 12.

criteria for a double-width carriageway. The Inverness to Cluanie road in August 1955 had a daily average of 350 (of which he claimed about 100 were temporary Hydro Board constructional work vehicles); and Fort William to Mallaig in August 1954 had 250 vehicles per day. He suggested that fifteen to twenty years might elapse before the daily average for August would be likely to reach 400 vehicles on either road. A Panel member remonstrated that the Ministry could not possibly believe that 10 or 11 feet was adequate for any trunk road, and that money should be made available for double carriageways on such roads. These purely numerical arguments were perhaps indicative of the Ministry of Transport's 'official' thinking. Apparently little attention was paid to the obvious need to encourage tourism in the Highlands. It had already been shown that many existing roads were unsatisfactory for new tourist buses. New wider roads could not only accommodate bus tours, but there would surely have been an upsurge in private motoring holidays in the north of Scotland if better access had been provided. Lord Cameron brought a new dimension to the argument, suggesting that West Highland harbours would have very great strategic value in any future war, and on this account, it was in the national interest that trunk roads leading from the west coast should be double width carriageways. He suggested that the roads in question should be reconstructed to double width, but at a slower pace, rather than to single width at a speedier rate of progress. In the event, the Panel could only endorse their Transport Group's proposals and support Inverness County Council's efforts to secure double carriageways, for Highland trunk roads.²⁷

Beyond the Panel, Malcolm Macmillan raised the possibility of a 'Transport Board for the North?' and promoted his ideas of modern 'electric or diesel locomotion' for the railways. His preference was for electrification as had been the recent case for the Glasgow and West of Scotland areas, and he suggested, 'railway electrification is surely coming within the capacity of Highland power supplies'.²⁸ One response put the alternative case for diesel locomotives rather than 'electric', primarily because the latter required high investment which, when traffic was low, made traction by diesel motive power more cost effective. Also, diesel traction could allow numerous uneconomic locomotive sheds to be closed down, since a diesel engine could easily take sufficient fuel at Glasgow, for a journey to Mallaig

²⁷ NAS SEP12/3 H&IAP Minutes 61st Meeting 23rd September 1955, 3(c).

²⁸ *Glasgow Herald* 25 August 1955, 6.

and back; it would not need turntables; and there would be neither firebox nor boiler to be heated up in the morning.²⁹

Malcolm Macmillan's idea of a specific transport body 'for the north' had not been entirely lost in the collective minds of government. Indeed, it had been proposed by the Scottish Council (Development & Industry) to the Attlee Labour government, as long ago as 1946, when it had been rejected from their 'nationalisation' legislation. The matter was raised again during the final debates on the Conservative government's Transport Bill in 1953, and although not included in that legislation, a promise was made to set up a Scottish Transport Council at a future date.³⁰ The criticisms relating to road construction and maintenance functions, having been highlighted by the Royal Commission on Scottish Affairs in 1954, a reminder concerning the proposed transport council was put to the government later that year – the reply was affirmative, once a 'Scottish Railway Authority is in being'.³¹

Eventually, the Scottish Transport Council was announced in February 1956 – a 'non-executive body' under the chairmanship of C.J.D. Shaw, QC, the future Lord Kilbrandon. The Council's remit, perhaps both wide-ranging and vague, was,

To examine questions of common interest to the transport undertakings which are nationalised, controlled by a nationalised undertaking or State aided for the purpose of assisting the persons carrying those undertakings, in the consideration of plans for developing an efficient and coordinated system of public transport in Scotland and to consult as necessary with other transport interests.³²

More importantly, the Council's appointment preceded by two months confirmation of the 1954 recommendation that the Ministry of Transport's responsibility for roads in Scotland should be transferred to the Scottish Office. The Secretary of State for Scotland, through the Scottish Home Department, now became the highway authority for all new and existing trunk roads in Scotland, and

²⁹ *Glasgow Herald* 28 August 1955 Letter to editor from K.H. Schaefer.

³⁰ *Glasgow Herald* 14 November 1955, 7.

³¹ *Hansard* 1953-54 Volume 533, Written Answers 24 November 1954, col.141, Mr Boyd-Carpenter to Mr Maclay, re Scottish Transport Council.

³² *Glasgow Herald* 8 February 1956, 7 - 'Scottish Transport Council Set Up'.

all work done on them. He was also responsible for government grants for County Councils' roads expenditure and other Road Traffic Act powers in Scotland, including a highways' engineering staff under the Chief Road Engineer for Scotland, seconded from the Ministry of Transport. The Secretary of State's total expenditure for 1956-57, for the 27,433 miles of Scottish roads, now increased by £1.3M to just over £7M.³³

It was the Highland Panel who now took an initiative on 'transport' with their 'Formulation of a Long Term Road Development Plan for the Highlands'. Their Transport Group leader, Major R.H. Bruce, proposed initial ideas which had been circulated to Highland County Councils, and included, a re-assessment of road values which would be no longer based on traffic census, but on development area needs and the encouragement of increased traffic. New roads were required to open up isolated districts, and these must not be single way roads. A west coast arterial road between Glasgow and Durness was required with every peninsula on the west coast having a lower category road feeding into it. More trunk roads were required, which should also be extended into the Islands. A higher proportion of Class III roads should be created (about 45% of the unclassified roads were made Class III after the war.)³⁴ Major Bruce was also able to advise receipt of a letter from the Minister of State which confirmed that the length of road between Lochailort and Glenfinnan, on the Fort William to Mallaig road ['to the Isles'] 'should be designed for an 18 feet [i.e. double track] carriageway.' Towards the end of 1956, the Panel reported on the £1M Highland Roads Development, confirming the schemes in progress and authorised; the forecast of further possible schemes by the end of 1959/60; a general review of trunk Roads in the Crofter Counties; and a statement of the remaining schemes and proposals in this specific Crofter Counties programme.³⁵

This apparent progress on roads under the Secretary of State's supervision was now balanced against doubts being expressed by the Panel about the future of the railways in Scotland, and especially in the Highlands. There were concerns also for

³³ *Glasgow Herald* 29 March 1956, 8 - 'Road Control in Scotland; Minister' Powers'. [This mileage comprised Trunk Roads 1,949 miles; Class 1 - 4,804 miles; Class 2 - 3,917 miles; Class 3 - 6,312 miles; and Unclassified - 10,451 miles.]

³⁴ NAS SEP12/3 H&IAP Minutes 65th Meeting 29th June 1956 - 12 Formulation of a Road Development Plan.

³⁵ NAS SEP12/3 H&IAP Minutes 67th Meeting 28th December 1956 - 8 Road Development programme APH(56)62; 4 H&I Transport Costs (APH(56)51).

the West Highland shipping services which were now being revised or re-routed by Caledonian MacBrayne, while at the same time the air services of British European Airways (BEA) were competing for the business to the northern and western isles. An awareness of these problems simmered for the remainder of the Highland Panel's period of appointment, due to expire in December 1958, but in October that year further discussions took place with Lord Cameron's official meeting with the Secretary of State concerning 'Planning of the Highlands & Islands Transport Requirements'. The Panel were now increasingly aware of the extent to which one subsidised transport undertaking was competing with another. For example, BEA's Highland air services, which were running at an annual loss of £300,000, were taking a good deal of traffic from Caledonian MacBrayne which received the same level of assistance from the government. Similarly, the North of Scotland Orkney and Shetland Shipping Company (NSOSSC) were seeking government assistance for their services out of Aberdeen, following a loss of traffic to BEA. On the mainland, the government expenditure incurred in all the very necessary road works in the Crofter Counties, together with trunk road improvement programmes, had meant more use of the roads, but at the same time had taken business away from the railways – the West Highland railway line was now incurring an estimated annual loss of £½M. While the Panel were well aware that development of the Highlands & Islands depended upon improved air, sea and road services, their concern now was that economic pressure on the railways and BEA could force these operations to independently withdraw their services before adequate alternative provisions had been made. The plight of the railways across Britain was already getting worse with a general recession in coal and steel traffic in the south, and there was concern for the Highlands that severe economies might well be demanded from the Highland lines. BEA's problems, it was estimated, would worsen in about two years' time when they would have to use larger Viscount aeroplanes for their Highland services, but their Highlands & Islands' traffic would be unlikely to be able to justify the use of these larger and more expensive planes.³⁶ Discussions continued in the Highland Committee with Lord Cameron's views being officially presented by J.S. Gibson as 'two main problems' –

³⁶ NAS DD17/1046 Note of Lord Cameron's meeting with the Secretary of State for Scotland, concerning, 'Planning of Highlands and Islands Transport', 24 October 1958 at 5pm.

- (i) The difficulty of planning tonnage replacement for sea services to the Western Isles, Orkney and Shetland in view of the uncertainty of the future of air services, and
- (ii) The near certainty that the Highland railway lines are 'on their way out', and the need to plan now for their supersession by long distance road transport services (bus and freight), which will cater adequately for passenger requirements and comfort, and goods traffic.

For example would the development of helicopters and rotodynes³⁷ modify the case for building two fast passenger / cargo ships for the North Isles? Would sixty-seater Viscount aeroplanes to Kirkwall, and possibly increased air services to Shetland make unnecessary the building by the NSOSS Company of a replacement to the S.S. St Clair, or at least affect the timing and size of this replacement? Decisions by the various companies about tonnage replacement programmes were now matters of acute importance. The worsening financial position of the railways in Lord Cameron's view meant that amputation of parts of the Highland railway system, and eventually perhaps all lines north of Perth could not be long delayed. The worst outcome, he envisaged, was an emergency amputation during the next few years without proper provision being made for Highland transport needs. In his view, 'The orderly transition from rail to road services must be planned now.' Gibson had asked Lord Cameron whether the Scottish Transport Council might not be expected to concern itself with these matters, and was met with the reply that the Scottish Transport Council had shown itself to be quite unable to make progress in any direction, and that it was the Highland Panel that must get on with consideration of these major problems which were of such obvious importance to the Highlands and Islands. This suggestion of a proposed enquiry now prompted the question of involving not only the Panel and the various transport undertakings,

³⁷ A 'rotodyne' (or 'autogiro') was an aircraft invention of the 1920s/30s. By the mid-1950s it was aimed at the civil transport passenger market. It combined the qualities of both a helicopter and an aeroplane, having rotor blades and wings. It took off vertically as a helicopter, then once established in level flight was propelled forward by the front propeller, which motion in turn enabled the rotor blades to revolve thus maintaining lift. Manufacturers Westland developed the project until it was cancelled due to lack of government support in 1962. [(main) Source - Microsoft *Encarta Encyclopaedia*, 2002]

but to include the official involvement of the Scottish Home Department, and indeed the Ministry of Transport.³⁸

Scottish Office condemnation of the Scottish Transport Council was underlined with increasingly derogatory comments that it had 'not proved successful'; that its report which was before Ministers was 'a confession of failure and was otherwise embarrassing'; and that 'the Ministry of Transport would like to see it wound up'.³⁹ Lord Cameron was anxious that his Advisory Panel should embark on an examination of the Highland Transport problems, in particular the consequences of present competition between sea and air, and rail and road, and the importance of seeing that before any one service was withdrawn, there was an adequate substitute of one kind or another. The Secretary of State had also received various representations about the problems of rural transport including the difficulty of maintaining adequate bus services in rural areas,⁴⁰ and his subsequent negotiations over the next few months with the Ministry of Transport and the Highland Panel culminated with the Ministry's proposal to Lord Kilbrandon, as chairman of the Scottish Transport Council, for an enquiry into Highland transport.⁴¹ Lord Kilbrandon would now be joining forces with Lord Cameron, a more purposeful campaigner, and whose Highland Panel members were already well versed in their transport objectives for the Highlands & Islands. Further, this proposal to Kilbrandon referred to the Ministry of Transport's recent intention to set up an Enquiry into Rural Bus Services throughout Great Britain;⁴² but it was emphasised that,

the government recognises that there are special factors affecting road services in the Highlands and Islands which do not exist elsewhere in

³⁸ NAS DD17/1046 HC(58)10 Highland Committee, H&I Transport 25 November 1958 Note from Mr Gibson to Mr Law of Gibson's talk with Lord Cameron: HC(58)11 Highland Committee, H&I Transport 27 November 1958, Note from secretary to the Panel, 'How do we set this [enquiry] up?'.
³⁹ NAS DD17/1046 Minute, 19 December 1958 R.H. Law to Mr Aglen relating to the Scottish Transport Council.

⁴⁰ NAS DD17/1046 Minute, 19 December 1958 R.H. Law to Mr Aglen relating to the Scottish Transport Council.

⁴¹ NAS DD17/1040/9 Memorandum, 11 June 1959 from G.R.H. Nugent MP, Joint Parliamentary Secretary, Ministry of Transport to Lord Kilbrandon, chairman of the Scottish Transport Council (copy to Lord Cameron).

⁴² NAS DD17/1040/26 The Committee for Rural Bus Services was set up in September 1959 by the Minister of Transport under Chairman Professor D.T. Jack CBE, MA, JP to review present trends in rural bus services ... enquire into their adequacy, how to ensure their adequacy in the future, and to make recommendations.

the country, and the Kilbrandon/Cameron enquiry should not exclude buses,

but the Rural Bus Enquiry Committee would be getting in touch, if only to compare findings.⁴³ Compared to the unhelpful uniformity of 1949, when a blind eye was turned to specifically Highland problems, here was an apparently useful change of attitude from the government which was formalised in the White Paper of 1959, referring to the 'study of the existing transport services in the Highlands' and stating,

the government had invited the Scottish Transport Council, in conjunction with the Highland Panel, to examine the problems of rail and air services in the Highlands and their relationship with those provided by road and sea.⁴⁴

In 1959 therefore, a clear distinction evolved between the government's perceptions of the current UK transport problem, and its perception of the Scottish transport problem in the Highlands and Islands. The UK government's focus for their transport enquiry was to be 'Rural Bus Services' only; the Highland transport enquiry would be more wide-ranging, concerned with buses and transport services by land, sea and air. Here was an example of a fundamental difference between the governance of the Highlands and Islands, and that of the remainder of the UK – the very distinctive transport requirements.

Highland Transport Enquiry

It was the purposeful Lord Cameron who took on one of the Enquiry's first tasks of visiting Mallaig and Kyle, along with Mr Cowan of the Scottish Home Department, Roads Division, before the Scottish Office could come to any 'agonising appraisal' of the railway system in the Highlands. They would be checking the condition of the road leading to Mallaig, and the roads to Kyle of

⁴³ NAS DD17/1040/9 Memorandum, 11 June 1959 from G.R.H. Nugent MP, Joint Parliamentary Secretary, Ministry of Transport to Lord Kilbrandon, chairman of the Scottish Transport Council (copy to Lord Cameron).

⁴⁴ NAS SEP12/3 H&IAP Minutes 78th Meeting 26 June 1959 10 Review of Highland Policy 1959 [also APH(59)54], Parliamentary Accounts and Papers 1958-59, Cmnd.785 Programme of Highland Development 1959.

ARTERIAL COMMUNICATIONS IN THE HIGHLANDS AND ISLANDS

Railways

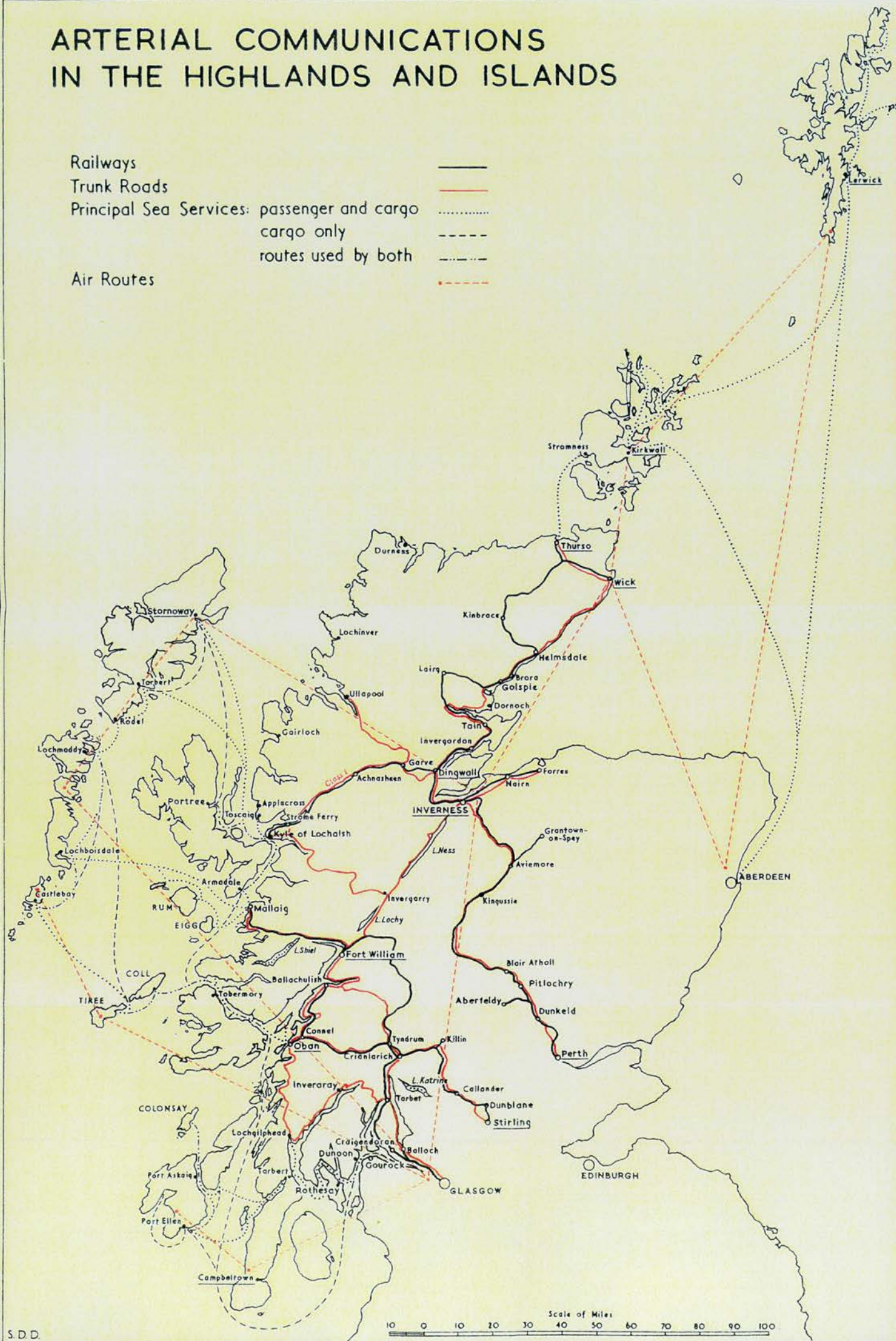
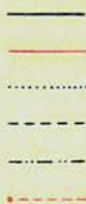
Trunk Roads

Principal Sea Services: passenger and cargo

cargo only

routes used by both

Air Routes



Lochalsh from Inverness and Dingwall, and discussing the improvements which were already contemplated, and those additional works which could take place in the event of the railways going out of existence.⁴⁵ Near Mallaig, Lord Cameron witnessed the current work being done by soldiers of the Royal Engineers on what had been nicknamed 'The Burma Road', where the use of explosives was a key factor in creating sufficiently wide foundations for an improved new access road to the town. The thoroughness of Lord Cameron's visit to Mallaig extended to a ferry trip to the Isle of Rum for tea at Kinloch Castle with Major and Mrs Gordon; and continued the following day to look at road works in progress, or in prospect, on the routes leading to Kyle of Lochalsh. In the latter case, he had been advised by Sir John Stirling of Fairburn KT, who was resident in this area, of

the sound economics to try and attract traffic making for Lewis away from that road [Lochcarron to Achnasheen] and on to the Garve-Ullapool road because the Ullapool road is already strongly built and is going to be widened anyhow, whereas to make the Lochcarron road fit for heavy traffic would involve spending £¼M or more.⁴⁶

Lord Cameron also visited the possible 'Duncraig' road to Kyle, the alternative route to Kyle of Lochalsh, which could dispense with the need for the slow cumbersome vehicle ferry at Strome. A new Duncraig road had been another suggestion offered by Sir John Stirling.⁴⁷

The Highland Panel had already put forward in their 'Formation of a new road construction programme', plans for a continuous 'West Coast Highway' to link up communications especially in Wester Ross with a new road from Shieldaig to Torridon [i.e. closing the 'Balgay Gap'] and to link Moidart and Arisaig with a new road from Kinlochmoidart to Inverailort. They also pushed for their 'West Coast Highway' northwards to take precedence over any projects to improve lateral (east-west) communication across Scotland, for example Rannoch to

⁴⁵ NAS DD17/283 Highland Transport Enquiry Correspondence 29 June 1960 J.S. Gibson of Highland Panel [and St Andrew's House] to C.B. Leith of D. MacBrayne's Ltd, Clyde House, Glasgow.

⁴⁶ NAS DD17/283 Letter 25 July 1960 Sir John Stirling of Fairburn to J.S. Gibson, St Andrew's House (in reply to Gibson's letter of 22 July 1960).

⁴⁷ NAS DD17/283 Letter 4 August 1960 Sir John Stirling of Fairburn to R.A.H. Allen, Scottish Home Department.

Kingshouse, Braemar to Glenfeshie, and Glenaffric to Kintail.⁴⁸ One year on, discussing the future of Highland Railway lines in the context of the Highland Transport Enquiry, the Panel stressed that the Enquiry had approached the matter 'with an eye to the NEED (sic) for Highland railway lines rather than their economics'. Their firm conclusions were that 'with the present condition of Highland trunk roads, the Highland railway lines were essential to the economy of the whole area; that to produce adequate roads to take the bulk of present rail traffic, would need expenditure of about £27M'; and that no closure of railway lines should take place -

- (a) Until the roads competing with rail lines had been brought up to an adequate standard to take all traffic, and
- (b) Until road transport services had been developed to give at least the same facilities for through transport of goods and passengers as the railways gave at present.⁴⁹

In view of the government's pre-existing Jack Committee on Rural Buses in Great Britain, the Highland Transport Enquiry was obliged to examine and report on Highland bus services as a first priority. The Highlands & Islands' differences from the rest of the UK were emphasised in respect of the basic geography of the areas concerned, and also the sparse population distributed over most of the territory. One similarity with the rest of Britain was the difficulty which stemmed from the growth of private car ownership and car sharing which was even more common in rural areas; and that apart from some assistance given by the Post Office, through government subsidy, many bus operators could not continue.⁵⁰ The Jack Committee had recognised the role which Local Authorities played in rural transport in England, and had recommended additional powers and funding to County Councils there. The different solution proposed by the Highland Enquiry was that under any new contract with the Secretary of State for Scotland, subsidy to bus operators should be continued and extended as necessary. Assistance from

⁴⁸ NAS SEP12/11/002 APH(60)5 Minutes of the Highland Panel's Road Rail and Transport Group 22 December 1959.

⁴⁹ NAS SEP12/3 H&IAP Minutes 83rd Meeting 30 September 1960 - 3 Highland Transport Enquiry.

⁵⁰ NAS DD17/288 16 March 1961 "Confidential" Draft of Highland Transport Report to the Ministry of Transport, Part II paragraph 13 and pages 14 and 20A.

government funds should also be contemplated to support services by other stage carriage operators throughout the Highland area, provided a need for assistance could be established and the service shown to be essential. In awarding such contracts, regard should be given not only to the tenders offered, but also to the development of the main arterial routes and the interests of the tourist industry, as these might be operated more effectively by a bigger company. There was a need for one body to determine whether a bus service was essential, the extent to which it required financial assistance, and to award contracts to enable essential services to be maintained. Such a body could not appropriately be the Local Authorities, the Scottish Transport Council or the Scottish Transport Users' Consultative Committee. It may therefore be necessary to have other effective arrangements to provide for the co-ordination of all forms of public transport in the Highlands and Islands.⁵¹

The Highland Bus Enquiry had in fact collaborated closely with the English based Jack Committee on Rural Bus Services, and largely endorsed its conclusions with the exception of County Council funding. It was considered that in view of the Highlands' long distance bus services running across county boundaries, such a solution was not suitable for the North and West of Scotland. The recommendation for Highland buses was that they should be subsidised from public funds, but that such assistance should come from the Exchequer and be administered by a single authority set up for the purpose, reporting to the Secretary of State for Scotland. Indeed this principle of central, rather than Local Authority, funding for Highland transport, and especially buses, had been the basis of the Scottish Office's recent approach to their transport problem.⁵²

In respect of railways, Highland Panel opinion was to the fore, with Iain Hilleary, chairman of the Panel's Transport Group, putting his succinct opinion to the Scottish Home Department in relation to the Highland west coast lines. He was in no doubt that the Highland Transport Enquiry would come down heavily in opposition to the idea of the closure of either the Kyle or Mallaig railway lines. Even the hint that this could be done when the roads were widened and improved seemed dangerous thinking to him. He suggested that too much was involved in the

⁵¹ NAS DD17/1041/101 Highland Transport Enquiry, May 1961 Report on Bus Services in the Highlands & Islands p. 11 - 'Solution Proposed by the Enquiry', paragraphs 35-39.

⁵² NAS DD17/288 Highland Transport Enquiry 'Confidential' Draft of Report to the Ministry of Transport 16 March 1961 Part II Bus Services, Section C. Conclusions, paragraph 41.

abandonment of these lines to be contemplated by anyone concerned with the economies of the areas they served. He had become increasingly disturbed at developing assumptions that a road service would be sufficient, suggesting that in any event it would be ten years at least before either the Mallaig or Kyle road was widened to the necessary eighteen feet. By that time the pattern of transport could well have changed to make railroads either more essential or less so; either situation could arise, he surmised, and he did not think therefore, that the British Transport Commission should be given any encouragement to closure of these lines at all.⁵³

The official Highland Transport Enquiry was very much alive to the several transport problems, and recognised, for example, the emphasis to be given in their evidence to the Highlands & Islands' need for subsidies to rail and air as well as to sea and road passengers. They were required to demonstrate the conflict of interest between rail and road services, and how rail feared the developments of vehicle ferries, road haulage, bus traffic and even road improvements, especially if it was decided to use existing rail beds as foundations for new roads, as had already been suggested for a Strome ferry by-pass road for new access to Kyle of Lochalsh, and for improvements to the Fort William to Mallaig road. Such a conflict of interest was only one reason a concerted plan had to be produced.⁵⁴

That passenger services were not capable of being run at a profit was not open to serious dispute, and so far as Lord Cameron could see this state of things was not likely to be reversed in the immediately foreseeable future unless a marked reduction in operating costs could be achieved, along with new and cheaper means of carriage of goods by rail, by air and (to some extent) by sea. This meant that if these services were to be continued, they would have to be supported either by direct or indirect subsidy – by subsidised charges, by cross subsidy from other profitable services carried on by the same operator, or by direct subsidy to make up the operator's deficit. If there was to be a proper Highland public transport system at all, and if it was considered undesirable to bring all movement of freight and passengers under one control so that expensive cross-subsidisation might be proposed, Cameron suggested there was no escape from the conclusion that, as far

⁵³ NAS DD17/1031/6 Letter 21 June 1961 Iain Hilleary to J.S. Gibson, Scottish Home Department (and secretary of the Highlands & Islands Advisory Panel).

⁵⁴ NAS DD17/1039/26 Highland Transport Enquiry meeting 30 January 1962 - Note prepared and signed by J.S. Gibson.

ahead as could be foreseen, the Highland transport system had to be supported from sources other than its own traffic revenue; and since support to Highland transport seemed likely to be in continuing need, except in the one item of road haulage of goods, a supplier of expenditure was desirable now. Otherwise, he asked, "Is it practicable or wise ... to eliminate any of these services?"⁵⁵

A key suggestion emphasised during the Enquiry was the need for a supervisory body for transport in the Highlands. At the time, there was no adequate means to ensure either the best value for money spent on transport, or that any necessary changes in transport arrangements would result in a sensible plan with the foresight to anticipate effects of a development of one mode of transport upon another – the relationship between road and rail being a prime example. Although it was not true that the several operators and providers of transport facilities in the Highlands worked in isolation from each other, there nevertheless appeared to be a need for some formal means of bringing them together and concerting their plans to ensure that the inevitable changes in the transport pattern took place in an orderly manner, in the best interests of users and of the Exchequer alike.⁵⁶ In the previous 'Report on Highland Bus Services', it had been envisaged that it may now be desirable that there should be a body charged with the duty of exercising general oversight of public transport services in the Highlands, and of bearing the developments in one form of transport upon the role of others. It had been pointed out at that time that if wasteful expenditure of public money was to be avoided it would be necessary to have effective arrangements to provide for the coordination of all forms of transport. Similar considerations had been advanced previously – for example, that a Transport Authority should be set up for the whole of Scotland. That suggestion had not commended itself to the Government, and the transport organisation that was being evolved for the UK as a whole was on different lines. This new Highland Enquiry, however, did not think that was an argument against the setting up of the kind of body they now had in mind to deal with Highland transport. Highland circumstances were widely recognised to be different from those in the rest of the country, requiring and justifying treatment on their own. The Enquiry's further consideration of their transport problems certainly

⁵⁵ NAS DD17/1039/29 Highland Transport Enquiry - discussion of draft conclusions to the main report by Lord Cameron (undated but likely to be January / February 1962).

⁵⁶ NAS DD17/1032 Minutes of Highland Transport Enquiry meeting 30 January 1962 Discussion of the draft Report of the Enquiry, 25 paras 112 and 115.

confirmed their earlier view that special measures were necessary to ensure the future supervision of the development of Highland transport.⁵⁷ One of the principal functions of the new body which the Enquiry had in mind was that of advising the Government as to the manner and extent to which financial assistance, where necessary, should be applied. As they saw it, the new body's functions would be to advise the general level of services required to provide an adequate modern transport system in the Highlands, and the public capital investment priorities and operating assistance required for road, rail, sea and air services.⁵⁸

The Highland Transport Enquiry Report was published in February 1963. Among the seven conclusions was the insistence that as important and essential services in the Highlands were still provided by rail, no line should be closed until adequate substitute services by road were provided. Another recommendation was that certain roads on the major islands should be included in the trunk road system. This would relieve the local council expenditure as trunk roads were funded by central government. It was noted that sea services were likely to remain the principal means of passenger and freight conveyance to the islands. It was agreed that the modern development of vehicle ferries was likely to bring about changes in the pattern of island transport and trade, and that similarly, the increasing use of air services to the islands would eventually become an essential part of the transport system. The Report concluded that duplication of unremunerative services was rare, and it seemed clear that there would continue to be distinctive places, severally, for rail, road, sea and air services: and it was likely that many of these would continue to require assistance. In stating that the need for transport services might not continue as they were at present, it was suggested that progressive development might have to include radical changes. The means were needed to ensure that changes could take place in an orderly manner, and in the best interest of users and of the Exchequer. The concluding recommendation therefore, was for the setting up of a permanent body charged with supervision of the development of Highland Transport, and with the duty of advising the Government as to the

⁵⁷ NAS SEP11/1 *Transport Services in the Highlands and Islands*, Report of the Highland Transport Enquiry to the Minister of Transport and Minister of Aviation, (HMSO, London 1963), 30 para 111.

⁵⁸ NAS DD17/1032 Minutes of Highland Transport Enquiry meeting 30 January 1962 Discussion of the draft report of the Enquiry para 115, and SEP11/1 'Report', 30 para 113.

manner, and extent to which, financial assistance should be applied. That body would be responsible to the Secretary of State for Scotland.⁵⁹

The Beeching Report

Alongside these developments was a major national review of British Railways. This was undertaken by BR's Chairman, Dr Richard Beeching, and had profound implications for the north of Scotland. An overall problem of UK railway and other transport services had been accumulating over several years and Beeching, a prominent businessman with no particular 'transport' experience, had been invited in 1960 to participate as a member of a special advisory group of the British Transport Commission set up by the Minister of Transport, Ernest Marples. The outcome was a government white paper in December 1960, *The Reorganization of the Nationalised Transport Undertakings*, which proposed *inter alia*, to break up the British Transport Commission and put the railways under its own British Railways Board appointed by the Minister of Transport. Beeching was appointed to the British Transport Commission in March 1960, and served as chairman of the British Railways Board from 1962 to 1965.⁶⁰

Having agreed various final amendments to their Highland transport plans with the Treasury, the Scottish Office regretted that the Highland report was not allowed to go as far as they would have liked. For example they were unable to 'plump for a Highland Transport Authority to be announced forthwith'. They were also advised by the Treasury that the Ministry of Transport's attitude 'may even yet stiffen', that 'there was still division among the railway people who were now taking the line that nothing must be said or done that might prejudice Dr Beeching's policy in any way.'⁶¹ And so it turned out. The Scottish Office's intention to recommend the establishment of a decision-making Highland Transport Authority was ruled out 'largely because the Ministry of Transport [were] resisting anything which may interfere with their own determination to

⁵⁹ NAS DD17/1039/12 and SEP11/1 *Transport Services in the Highlands and Islands*, Report of the Highland Transport Enquiry to the Minister of Transport and Minister of Aviation, (HMSO, London 1963) paragraphs 111-120.

⁶⁰ T.R. Gourvish, *British Railways 1948-73* (Cambridge University Press, 1986) Ch.9; and Anne Pimlot Baker, *Oxford Dictionary of National Biography*, Beeching, Richard, Baron Beeching (1913-1985), businessman. <http://www.oxforddnb.com/view/article/30804?docPos=3> accessed 12 November 2007.

⁶¹ NAS SEP11/1 Scottish Office Correspondence; Highland Transport Enquiry 17 January 1963 R.H. Law to J. Aglen.

endorse what Dr Beeching produces for the railways as a whole.⁶² It was also anticipated that the Ministry would dissent from the Highland Enquiry's hope that the Secretary of State for Scotland should have powers to coordinate all forms of Highland transport, and again these Scottish fears were realised. The Ministry of Transport insisted that the new [UK wide] bodies set up under the Transport Act 1962 – the Transport Holding Company and the British Railways Board – would be able to provide adequate and co-ordinated road and rail services in the Highlands, possibly without subsidy. They suggested further that the Highland Transport Enquiry had not taken account of these bodies, that its recommendations were out of date, and that the Minister of Transport could not contemplate the exercise of transport coordinating functions by another body.⁶³ The fact that the Transport Holding Company and the British Railways Board did not cover sea or air services was not considered by the Whitehall officials.

The Beeching Report was published in March 1963 under the title of *The Reshaping of British Railways*, in which *inter alia* consideration was given to 'the scale and degree of hardship which [the railway line closures] are likely to cause'. Beeching considered that with the exception of northern Scotland, and parts of central Wales, most areas of the country were already served by a network of bus services more dense than the network of rail services which would be withdrawn, and that in the majority of cases these buses already carried the major proportion of local traffic. However, he also appreciated that in parts of Scotland in particular, road improvements or road construction might be necessary to provide a full alternative to the existing rail services; and that some of these road improvements were required, in any case, for development of the motor tourist trade, on which the future of the area so greatly depended.⁶⁴ This concurred with the views of Iain Hilleary and Lord Cameron of the Highland Panel. Michael Noble had stated in the House of Commons that as long as he was Secretary of State no rail lines would be closed in areas which would then be bereft of transport facilities where there were

⁶² NAS SEP11/1 Scottish Office Correspondence; Highland Transport Enquiry 21 January 1963 J.S. Gibson to Secretary of State.

⁶³ NAS SEP12/217/63 Scottish Office Correspondence; Highland Transport Enquiry, Minute 3 May 1963 W.S. Murrie to Secretary of State re Highland Development.

⁶⁴ NAS AF62/4619 *British Railways Board: The Reshaping of British Railways, Part I - Report*, March 1963, 19 and 20.

insufficient roads.⁶⁵ However, Beeching's report was an exercise in economics, and among the fifty-one Scottish Passenger Service Lines recommended for closure were the Highland routes from Inverness to Kyle of Lochalsh, and to Wick and Thurso, along with the line beyond Fort William to Mallaig.⁶⁶ It was for others to plead the case for 'hardship'.

Beeching's apparent appreciation of the scale and degree of hardship which his Highland recommendations were likely to cause, was lost in the ensuing publicity and reaction to his report – none more so than in the columns of *The Inverness Courier*. That newspaper's campaign had been underway for more than a year before when extreme winter weather in January 1962 had made many main roads north of Perth impassable, and only the trains got through to Inverness and beyond. 'It was worth pondering,' suggested the editor, 'how everybody who had to travel to and from the Highlands would have fared, had there been no trains'.⁶⁷ The *Courier* looked favourably upon Michael Noble's comments in July 1962, when he pledged that 'there would be no railway closures where taking that action, no matter how financially desirable, would leave the areas concerned bereft of adequate facilities for transport and freight.' The *Courier* recognised that Noble's comments had gone very much further, and 'were much more encouraging for the Highlands than his predecessor's,' adding the comment, 'Let us hope it is a good omen!'.⁶⁸ Noble underlined his message a month later at a Unionist fete at Skibo Castle when he confirmed, 'I promise you when I say adequate, I mean adequate. I know how difficult transport can be in these parts.'⁶⁹ Upon publication of the Beeching report, the *Courier* noted the comment that 'the Railways are running at an annual loss of about £145M and that cannot continue'. The editor asked, 'Why not?', taking the view that Britain's agriculture was run at an annual loss of some £364M (more than double that of British Rail), yet it was not whispered that there should be a wholesale reduction in the number of farms. Railways were vital resources [and] could not be looked at purely from a business and economic point of view. This aspect was completely neglected by Beeching, and the Highlands

⁶⁵ *Inverness Courier* 20 July 1962, 4 quoting Michael Noble in the House of Commons during the debate on Scottish Industry and Employment, *Hansard* 663 19 July 1962 col 673.

⁶⁶ *British Railways Board: The Reshaping of British Railways, Part I - Report*, 120.

⁶⁷ *Inverness Courier* 5 January 1962, 4 Editorial.

⁶⁸ *Inverness Courier* 20 July 1962, 4 Editorial.

⁶⁹ *Inverness Courier* 28 August 1962, 4.

did not have a road system to replace the railways.⁷⁰ Perhaps the Highland Panel had such comments in mind when, in announcing a meeting to consider both the Beeching Report and the Mackenzie Report on electricity supplies, they said, 'The Beeching Report must be considered dispassionately without sentiment, and the MacKenzie Report must not be regarded hysterically.'⁷¹ The Panel drew attention to the Secretary of State's formal pronouncement to oppose rail closures 'unless and until adequate alternative services were available,' claiming, 'There are none!' Adding that the Beeching statements which related to rural areas, appeared to run counter to the expressed Government policy in regard to Highland Development as defined in the Highland White Papers of 1950 and 1959.⁷²

MPs took full advantage of the House of Commons 'Railways' debate at the end of April 1963 to express a variety of opinions. Sir David Robertson MP for Caithness and Sutherland noted that the rail line from Glasgow to Fort William had not faced closure, but had remained open because the government had helped the paper trade company Wiggins Teape, to build a new pulp mill at Corpach, Fort William.⁷³ The railway line would also benefit the herring trade from Mallaig, the white fish trade and the tourist trade. Sir David asked, 'If a pulp mill was justified at Fort William, why can two or three more not be built in the Highland area?' His research had shown that Norway had sixty-five pulp mills producing 435,000 tons of paper in 1962, and there were around 120 mills in Sweden. 'Surely,' he suggested, 'we can have more than one.'⁷⁴ Other MPs were critical of the passenger surveys claimed to be based on 'actual research and scientific analysis', when they were taken over only one week in April two years before. Should such hard and fast transport decisions be made on figures which excluded the summer tourist season? It was also wrong to deal with only one section of transport in isolation. An analysis of the railways alone would not produce a scheme for the sort of transport pattern needed. The result must be wrong and lopsided ... 'the Report is a cold-blooded exercise in rationalisation.'⁷⁵ Michael Noble confirmed

⁷⁰ *Inverness Courier* 29 March 1963, 6&7.

⁷¹ *Inverness Courier* 19 April 1963, 6.

⁷² *Inverness Courier* 23 April 1963, 2.

⁷³ *Hansard* 676, 29 April 1963, 'Railways', 809; Ian Levitt, Regenerating the Scottish Highlands: Whitehall and the Fort William Pulp Mill, 1945-63, *Journal of Scottish Historical Studies* 25.1, 2005, 21-39.

⁷⁴ *Hansard* 676, 810-815.

⁷⁵ *Hansard* 676, 816; William Ferguson, *Scotland, 1689 to the present*, 2nd ed. (Edinburgh, 1978), 394.

that the main apprehensions had been voiced in relation to the spinal lines of Inverness to Wick and Kyle,

where population is sparse, distances are long with narrow glens and sea lochs, and the communications do not always involve railways, but transport by air, sea and roads. The public interest demands that these services should be co-ordinated both to avoid wasteful competition and to give improved service.

He acknowledged the 'valuable Report from the Cameron-Kilbrandon Committee', and confirmed that he and the Minister of Transport were considering that report as part of the whole wider problem.⁷⁶

John MacLeod MP for Ross and Cromarty declared that doing away with all passenger services north of Inverness was a 'ridiculous and preposterous suggestion.' What was wanted, as the Minister had said, was a coordinated transport service. He was adamant that the assurance that in Scotland there would be bus services to replace the rail services was ridiculous. These would not be able to run, for example, on the roads between Kyle of Lochalsh and Inverness. Even the cost of merely widening certain sections there – not the cost of making new roads – to a width of 18 feet would be £65,000 a mile, and bus operators were now saying that a width of 22 feet was to be the minimum for a safe bus service. He insisted the Beeching proposals for Scotland were too drastic. 'We cannot possibly use the same arguments as can be used for the more prosperous south. If these proposals are carried out, there will be people in the Highlands living 134 miles from the nearest railhead. Conditions are entirely different.' He confirmed the Highlands' peak traffic load in the summer time, repeating the irrelevance of traffic survey figures taken in April 1961. He cited the innovation of an observation coach to attract summer rail passengers on the Kyle line, a service which had been full in peak periods. Yet now it was proposed to do away with the facility altogether, and so damage the Highlands' tremendously important tourist industry. 'There was no adequate alternative to the rail service.' Macleod mentioned the new distillery set up in his constituency at Invergordon in July 1961. Again, Beeching's traffic

⁷⁶ *Hansard*, 676, 837-840.

survey would not have taken into account the potential volume of rail traffic which could be developed in that area. The company would not have established itself at Invergordon had there been no railway, and revenue to British Railways from this venture could be £377,000 by 1967. He concluded, 'Was it not nonsense to think of doing away with the railway system?'⁷⁷

In July 1963, the new Highland Transport Board was announced, which included Highland Panel members R.H.W. Bruce (chairman) and I.R. Hilleary.⁷⁸ Ironically, just prior to the Board's appointment, the closure of the Highland rail lines was announced – greeted in Inverness with 'Why This Madness?' – only to be 'deferred' for further consideration a few days later.⁷⁹ At the same time Lord Cameron re-affirmed the Panel's opposition to the proposed closure of passenger services, saying that if they took place, the closures would strike a grievous blow at the economy of the Highlands, adding,

... there would be little purpose in our continued existence, and we have so informed the Secretary of State. We do not consider that the policy of the Government, declared in the White Papers of 1950 and 1959 could be effectively implemented; far less could any further development take place.⁸⁰

The day before this threat, the *Glasgow Herald* had praised the Highland Panel on the occasion of their 100th meeting since 1947⁸¹. However, a following editorial criticised the Panel '...for choosing to brandish their claymores in a most uncharacteristic way'.⁸²

By February 1964, the reassurances about the future of the highland railways were dismissed by the *Inverness Courier* as 'electioneering'.⁸³ The Highland Panel's Transport Group underlined the absence of positive measures to improve the efficiency of the threatened rail lines. One example was a new signalling

⁷⁷ *Hansard*, 676, 30 April 1963, 'Railways', 980-983.

⁷⁸ *Glasgow Herald Courier* 6 December 1963, 6/7 The other Highland Transport Board members were, James Amos, former chairman Scottish Omnibuses; J.A. Keyden, former managing director, Pressed Steel Company, Linwood; and B. Boxall, chairman of Scottish Aviation.

⁷⁹ *Inverness Courier* 29 November 1963, 6/7, 10 December 1963, 5.

⁸⁰ *Inverness Courier* 10 December 1963, 5.

⁸¹ *Glasgow Herald* 6 December 1963, 8 'Pilots of Policy - Highland Panel's Century'.

⁸² *Glasgow Herald* 7 December 1963, 6 Editor's criticism of Highland Panel's threat.

⁸³ *Inverness Courier* 18 February 1964, 2.

system already in operation on single rail lines in Sweden which was providing substantial savings over a 105 mile length of single line. Lord Cameron additionally went on to repeat the Panel's three main objections to closure of the Highland lines -

- i. There was no evidence to suggest the availability of adequate alternatives to rail services.
- ii. The financial information available did not present a true picture of the alleged financial savings from closure.
- iii. The closing of major Highland branch lines, especially those north and west of Inverness would not only be a psychological blow, but even more important, an active blow to the economy, and would in large measure emasculate the active measures to which the government is already committed.

Lord Cameron's point relating to financial information was supported from the House of Commons' debate, when the relevance of traffic figures from one week in April 1961 was questioned and criticised. In reply Noble declined to comment in any detail, simply suggesting that resolution of the British Rail issue would follow the proper procedures; but he did suggest that the outcome would have favourable results for the Highlands.⁸⁴ Perhaps one bonus for the *Inverness Courier's* campaign against closures came in March 1964, when two years after the snow storms of January 1962, the newspaper was once again able to point to the importance of rail links in such conditions and to highlight the political consequences of closure.⁸⁵

⁸⁴ Highland & Islands Advisory Panel, Minutes of meeting February 1964; *Glasgow Herald* 29 February 1964, 1.

⁸⁵ *Inverness Courier* 17 March 1964, 2.

Conclusion

It was another month before a 'Written Reply' in the House of Commons by the Minister of Transport Ernest Marples, to Neil MacLean MP for Inverness confirmed a favourable result for the Highlands,

... The ultimate annual savings the Railway Board expected to make from complete closure of the Kyle line were about £120,000, and from the Wick line £240,000. On the other hand the transport problem in the Northern Highlands is of a special nature. The Transport Users' Consultative Committee have reported that the closures would cause extreme and widespread hardship and there is strong evidence that at present there is no adequate alternative for long distance travel on these lines, and there is not likely to be for some years. I therefore decided that in the present circumstances, I must refuse my consent to the closures. The Highland Transport Board have started a detailed survey of the transport requirements of the area, and the future of these services as a whole will be reconsidered, no doubt, in the light of their study of the progress made with road improvements and other developments in the economy and transport of the area. I am still considering whether certain intermediate stations could be closed without hardship, but in view of the widespread anxiety about the future of these lines as a whole, I have thought it right to make an early statement on the main issues.⁸⁶

To have persuaded the Minister of Transport to acknowledge publicly that the Northern Highlands' transport problem was 'of a special nature' was a major success for the Secretary of State for Scotland and the Highland Panel. With their unanswerable case, which they were prepared to back with resignation, it was unlikely that the government would go against the Panel, especially with a general election six months away.

News of the official railway 'reprieve' was welcomed with great satisfaction throughout the North of Scotland, while, surprisingly, Dr Beeching took the trouble

⁸⁶ *Hansard*, 693 16 April 1964, Written Answers, Columns 108-110 Minister of Transport Mr Marples to Neil McLean, DSO, MP Inverness.

to comment publicly in London that there was no commercial case at all for continuing operations on these lines, and it was the Railway Board's responsibility to say so; adding that it was the Minister of Transport's responsibility to decide whether the lines needed to be kept open because of hardship or for any other reason. He further insisted that the figure of £360,000 given by the Minister was a measure of the savings which would have been made as a direct consequence of closing these lines, but that the total losses on the traffic passing over them was substantially greater. He then declared that British Railways would now be taking the unprecedented step of showing all losses incurred on uneconomic lines kept open by political decisions, as a separate total in British Railways' annual accounts. Michael Noble chose a very different economic interpretation on the decision. Noble dismissed the efforts of the more extreme local campaigners against closures,⁸⁷ saying that it was not their pressures that had saved the lines, but the 'good economic reason that it would cost a great deal more to make the roads adequate to handle the existing traffic, than it would to keep the rail lines open.'⁸⁸ He mentioned neither the Highland Panel's resignation threat, nor the available political calculation of the prospect of a general election. It is not clear exactly why Dr Beeching saw the necessity to comment as he did. Perhaps he felt a response was required to the criticism directed towards him since the publication of his Report. What is more certain is the understanding Lord Cameron and Iain Hilleary had of the nature of the difficulties relating to the transport requirements in the Highlands & Islands. They had the 'ear of the Scottish Office' in relation to the several varieties of Highland transport and their problems, and on this occasion the message progressed through the hierarchy of the Scottish Office to the Minister of Transport at Westminster who in the end chose to recognise the 'hardship' argument from the Highlands and Islands, rather than the 'economics' of Dr Beeching.

⁸⁷ An organisation against the rail closures, based in Inverness, and calling themselves "MacPuff".

⁸⁸ *The Scotsman* 17 April 1964, 1.

CHAPTER SIX

1963-65 – Highlands & Islands Development Board

A Highland Board? – a strategy emerges

In October 1963, the Parliamentary Secretary for the Ministry for Industry Trade and Regional Development, David Price, visited Scotland to judge for himself the kind of assistance which could be provided to the Highlands. His itinerary included Stornoway where he visited a new Tweed Mill, the new pulp mill at Fort William, and the British Aluminium Company's premises at Kinlochleven.¹ Following his visit, he suggested that a new policy for the Highlands and Islands would require,

1. A clear definition of the areas for special treatment. In addition to the Highlands and Islands, I would have to include Mid-Wales and possibly Cornwall, though I hope we could resist the latter.
2. A thorough economic survey of the potentialities of the areas.
3. The creation of an executive to promote public and private ventures within the defined areas.
4. The abolition of all existing bodies which attempt to deal piecemeal with their problem.
5. Special fiscal and financial incentives which go beyond those offered to ordinary development districts. (This principle is accepted in Northern Ireland).
6. A major effort on the communications infrastructure.²

Speaking off the record, Price had made it fairly clear that he thought the Board of Trade's past policy on the Highlands had been misguided.³ He asked the Scottish Development Department and the Department of Agriculture and Fisheries to prepare a note incorporating their criticisms of the Board of Trade, and their

¹ *Inverness Courier* 18 October 1963, 6 col. 2.

² NAS SEP12/515/1 29 October 1963 Parliamentary Secretary for the Ministry for Industry Trade and Regional Development David Price's Personal Note following his visit to Scotland.

³ The Board of Trade's focus was towards the larger businesses which might occupy, for example, the industrial estate at Inverness. Price saw the need for smaller developments outwith the Highland capital.

specific suggestions for improvements.⁴ In contrast, other Scottish Office officials were expressing surprise at Price's 'far reaching proposals' – surprised that he had absorbed enough information in such a short visit to the area to be able to suggest such deep rooted changes, and that in spite of the Scottish departments' earlier deliberations on Highland organisation, Price now wanted them to treat seriously the suggestion for a new Highland Authority. 'Perhaps another meeting of the Highland Steering Group should be convened to discuss the matter again,' was the more businesslike conclusion in Edinburgh.⁵

At the following Highland Committee meeting, discussions on 'Policy' included comment on the first month of the Highland Fund's new Treasury Loan Scheme which was going well with £41,000 of new applications already – a demand that had never previously been met by the BOTAC arrangements. In response to Price's recent criticisms of the Board of Trade, it was pointed out that the stimulation of new enterprise had never been the responsibility of BOTAC, and comparison with the new Loan Scheme was unfair.⁶ However, in following correspondence it becomes clear that Price's wish 'to treat seriously the suggestion for a new Highland Authority' was indeed being adhered to. There was a 'tentative attempt to set down in writing of how to formulate a workable Highland Authority',⁷ with the reply that,

The Secretary has recently given me an assignment to think out a workable Highland Authority in case either the present or the next government decided it wanted to bring one into existence.⁸

This was now November 1963. It had been sixteen months since the Highland Committee members had exchanged their detailed ideas on 'Highland

⁴ NAS SEP12/515/4 Memorandum 11 November 1963 JF Lang to Mr Russell SDD and Mr Lyall DAFS relating to 'Highland Development', and Mr Price's comments.

⁵ NAS SEP12/515/6 Memorandum 12 November 1963 AJ Aglen DAFS to Mr Gauld.

⁶ NAS SEP12/515/7a Minutes of Highland Committee Meeting 27 November 1963, 6 Policy (including Highland Transport Board and Highland Fund Scheme) - comment by Mr Russell.

⁷ NAS SEP12/515/8 W. Russell to Gauld/Aglen/Senior/Fasken 28 November 1963 Memo enclosing four pages of suggestions for a Highland authority.

⁸ NAS SEP12/515/9 Gauld to Russell [copy to Fasken] 29 November 1963 reply relating to a Highland Authority.

development.⁹ The next election was eleven months away at the latest [October 1964] and the Scottish Office staff were apparently preparing for any eventuality.

In contrast to this new positive activity within St Andrew's House relating to a Highland Authority, the Secretary of State Michael Noble's public response to lobby correspondents was less enthusiastic. His pre-prepared, perhaps intentionally vague comments included the need to distinguish between the substantive tasks which required to be done and the question of machinery. The main tasks in the Highlands and Islands were already the responsibility of central or local government agencies or other organisations, and a new authority would cut across their duties. Mr Noble was 'not convinced there is a sufficiently strong case for such action.' On the other hand, on the question of machinery, he added that he was always ready to consider if improvements could be made. He mentioned the latest improvements, for example, setting up a Highland Transport Board following the Highland Transport Enquiry, and the other recent introduction of the new scheme to be administered by the Highland Fund to foster existing and new small industries in the Highlands, and there were others, for example, the establishment of the Crofters Commission in 1955.¹⁰ Noble maintained his public doubt of the necessity for a Highland Board when he was questioned in the House of Commons on 29th January 1964 by Liberal MP Jo Grimond.¹¹

The Development Commission was also weighing up the future of 'rural development'. It had assisted several rural organisations in the past, and had provided the funding for the new Treasury Loan Scheme operated by John Rollo's Highland Fund. The Commission took the view that rural policy had a more important part to play in government plans than ever before, and if that was accepted by the government, it may be necessary either to give the Development Commission wider scope, or establish another body in its place. The Commissioners indicated their willingness to submit their own proposals on the subject, which were subsequently presented in the following April 1964.¹² The Commissioners felt strongly that the problems of the rural areas had for far too

⁹ See Chapter 3, 'Fresh Thinking'.

¹⁰ NAS SEP12/515/11 Notes provided for the Secretary of State's conference with Lobby Correspondents on 17 December 1963 [The original draft describing 'improvements' had the words '...and many others, for example the Crofters' Commission', but the word 'many' was deleted!]

¹¹ *Hansard*, 1963-64, 688 Written Answers 29 January 1964, cols.51/52.

¹² NAS SEP12/515/18a Paper 11 December 1963 entitled 'Rural Development' stating the background and aims of the Development Commission, paragraphs 8 and 9.

long been put aside by the government, and they urged the immediate formulation of a new policy for the planned development of regions threatened with rural depopulation. They had given thought to whether the Commissioners themselves had a role to play in such a policy, or whether it should be the responsibility of a Department of State or some specially constituted Development Corporation. They concluded that as yet the approach to rural redevelopment had to be experimental and that there were therefore, strong arguments for using the provisions of the Development and Road Improvements Fund Act (1909) initially for those parts of the field covered by the proposed new policy. They sought to formulate plans within their existing powers, but also suggested two complimentary courses of action. First, the extension of existing Development Commission assistance to rural areas and agencies; and secondly, new experiment with special measures to supplement general economic policies in two or three carefully selected regions of depopulation.¹³

In respect of the first course of action the Commission drew attention to the recent scheme which their Development Fund had financed through the Highland Fund to assist small businesses with special problems in the Crofting Counties. This project was already showing surprisingly successful results in a most difficult area. It was not bound by some of the restrictions placed on the working capital scheme. It demonstrated the truth of the Commissioners' original views that flexibility was essential; that the aim should be to have terms of reference for a scheme broad enough to encourage the submission of as many viable projects as possible; and that examination of the applications, and the equally important appraisal of the applicants, called for high calibre managerial staff backed by a responsible committee with wide powers to exercise discretion.¹⁴

Their second course of action was to suggest 'New Experiments in Selected Trigger Areas'. The Commissioners had studied the pattern of schemes successfully introduced in Norway in 1952, which had been examined by the Highland Panel during their visit to Norway in 1961. A Development Commissioner had taken part in that visit, and the collected papers, including the Report, were made available to the Commissioners during the inquiry into crafts

¹³ NAS SEP12/515/18a Development Commission's 'Proposals for Rural Development and Re-development' 17 April 1964 Conclusion to Introduction, paragraphs 11-13.

¹⁴ NAS SEP12/515/18a 'Proposals for Rural Development and Re-development' 17 April 1964 paragraph 18.

and small industries in the Highlands and Islands which they sponsored jointly with the Scottish Departments in 1961-62. Broadly similar proposals had been made for Mid-Wales, and the Commissioners wished to see two or three special areas in the Highlands and Islands chosen for experimental development on the pattern of schemes successfully tried in Norway. The Scandinavian visit, and the Commissioners' own experience, had shown that it was inevitable that some declining areas in the countryside would have to be allowed to decay. The chosen special areas would have to be centred on growing points and they might be known as "trigger areas"¹⁵ because the special efforts there would be designed to "trigger" further developments. The special help would involve the provision of several small advance factories (rather than one large one, which was the Norwegian method, because loss of a large unit could be disastrous), probably to be built in sequence – the second not to be built until the first was let. It was also emphasised that top financing from government had played a key part in the Norwegian development programme. The Regional Associations would include experienced business men who would advise on credit and guarantees, and representatives of County Councils in the area concerned who would have a financial stake in the running of the associations (as with the Mid-Wales Development Association) and advise on planning and other matters. The Development Commission attached importance to the tripartite nature of their proposals whereby responsibility was shared between central government, local authority and private enterprise. Credits and guarantees might be financed through revolving funds operated by the Regional Associations on the Highland Fund pattern, and such assistance might be made by way of grants and loans, primarily the latter. The annual costs for two or three Regional Associations were estimated at £100,000 each, creating a sum of £200,000-£300,000 per year for a preliminary three year period. It was claimed that the Norwegians had found that development on this pattern had led to new life almost automatically coming to the chosen areas. All kinds of supporting industries, trades and services had been given greatly improved possibilities for expansion, and the building up of a balanced economy had greatly strengthened agriculture there. Conversely, in conclusion, the Commissioners accepted that their proposals, especially for the 'trigger areas', were experimental, although it

¹⁵ 'Trigger points' were also referred to as 'Growth points' in the Norway Report.

was admitted that risks had to be run. However, it was felt that with careful central control and guidance, the risks could be reduced, though never eliminated. Their proposals were, however, a positive approach to the question of rural development and redevelopment. They were designed to encourage local initiative and enterprise by local authorities and businessmen, with the active cooperation and support of central government in areas where rural depopulation had advanced, but had not yet reached the stage when it was too late for action to be effective. The Commissioners felt that the proposals were wholly in keeping with the terms of the Development and Road Improvement Funds Act (1909) and that there was advantage during a period of experimental development of selecting areas in the machinery of that Act which had proved its usefulness in the past in pioneering land projects.¹⁶

The strategy takes 'official' shape

Development in the Highlands and Islands was also top of the Labour Party's agenda when they introduced their prospective parliamentary candidate for Inverness, Allan Campbell MacLean, in April 1964, in anticipation of the general election which would occur within the following six months. Addressing the Labour Party in Inverness, MacLean suggested that 'the social revolution had not yet penetrated the Highlands in 1964', as evidenced by the fact that private landlords were still obstructing the construction programme of the North of Scotland Hydro-Electric Board. He went as far as quoting a resolution from the British Labour Party Conference,

In view of the fact that no development programme for the Highlands can succeed without the full utilisation of the land for the common good, and that vast areas within the seven Crofting Counties are private reservations devoted to the sporting interests of a tiny minority, this Conference recognises the need for the public ownership of all such land to be vested in a Highland Development Board located in Inverness.

¹⁶ NAS SEP12 /515 /18a 'Proposals for Rural Development etc', paragraphs 37-46, 17 April 1964.

It was perhaps the extreme tone of that statement which would reverberate on the Labour government a year later. Otherwise, MacLean outlined basic Labour Party policy for the Highlands as being,

- (i) A Highland development body to be set up by the next Labour Government which must be armed with adequate financial and executive powers to deal with the fundamental problems of such a vast area;
- (ii) Private vested interests could not be allowed to obstruct development of hydro-electric generation in the Highlands and Islands.
- (iii) Support would be given to the establishment of a university based at Inverness. There was a fundamental economic and social, as well as an academic case for this.
- (iv) Highland and rural transport formed an integral part of the communication system, and he welcomed the statement by leaders of the Labour Party that transport in the rural areas should be regarded as a public service.
- (v) Agriculture, fishing, and forestry were all essential to Highland prosperity and would be accorded top priority by the Labour Government.¹⁷

Labour's Highland 'plan' was underlined in May 1964 with a visit to Inverness by the Labour leader Harold Wilson who was given a 'large loud reception at the Empire Theatre'.

By a plan, Labour does not mean advisory committees and paper plans which lie gathering dust in St Andrew's House and the out-trays of Her Majesty's Treasury. Plans must have teeth and executive powers.¹⁸

Although Secretary of State, Michael Noble was publicly unconvinced of a need for a Highland Board, the senior staff at St Andrew's House, by April 1964, were echoing the thoughts of the Development Commission, (and the Labour

¹⁷ *Inverness Courier* 24 March 1964, 4 'Little Social Revolution in Highlands'.

¹⁸ *Inverness Courier* 26 May 1964, 3 col.3 'Labour leader in Inverness'.

Party) and very much involved in considering 'what role a Highland Development Authority could play, if it was decided that such an Authority should be set up.'¹⁹ Sir Matthew Campbell at the Department of Agriculture and Fisheries assumed the authority's role would be rather more than advisory, and to be acceptable would have to have at least some semblance of executive and/or financial powers. Within the bounds of government policies as they had so far developed, there was already operating in the Highlands all the requisite official bodies and agencies. As new needs had arisen or policies developed the Scottish Office had set up what seemed at the time to be the necessary expert bodies – the Hydro-Electric Board, Crofters Commission, Red Deer Commission, Hospital Boards, Agricultural Executive Committees, and the Highland Transport Board. All these and others had been added to the existing Central Government Departments and Local Authorities. Whatever shape a Highland Development Authority might take it would be impracticable for it to take over all the functions exercised by these bodies – first, because of the wide variety of executive duties involved, and second, the difficulty of administering all these matters on the same geographical basis. While a great many executive agencies were concerned with the Highlands, they were all either concerned only with part of the Highlands, or with more than the Highlands. This was clearly true of Government Departments, Local Authorities, Hospital Board, Red Deer Commission, Herring Industry Board, White Fish Authority, Scottish Country Industries Development Trust, the Scottish Agricultural Organisation Society, and the Scottish Council of Social Service. The Crofters Commission only covered the Crofting lands, while the Highland Panel and the Highland Transport Board 'fitted' the area but were not executive. It would no doubt have been possible to detach some particular duties from the existing agencies and give those in the Highlands to an executive Highland Development Authority; but short of carrying out a series of major operations on all these bodies, and indeed on government departments themselves, it would not be easy to scrape together a sufficient 'bag' of duties to justify a grandiloquent conception of a Highland Development Authority. Perhaps it would be possible to do something in the narrower, but highly important field, of development of industries?

¹⁹ NAS SEP12 /217/77 21 April 1964, Sir Matthew Campbell, DAFS to T.D. Haddow enclosing a five page 'Note' on a possible Highland Development Authority, paragraph 1.

Sir Matthew suggested that the recent arrangement with the Highland Fund Ltd could be regarded as a stop gap, to be replaced by something better in the light of the results of the current Development Survey of the Highlands and any changes there might be in government policies for dealing with regional development. But he pointed out that even if all assistance for Highland industry was concentrated in a specifically Highland body a great deal of development work (for example roads and planning etc) would necessarily remain with Government Departments and Local Authorities. Apparently echoing Robert Grieve's comments in July 1962, Campbell suggested that the more practicable approach to a Highland Development Authority would be to consider setting up a body which would concern itself with the whole field of activity (and therefore merit a comprehensive title) and would exercise a coordinating, stimulating financing role; but it would not undertake detailed executive duties except possibly to fill gaps where no other suitable machinery existed or could easily be devised. Grieve had previously observed that 'Regional Planning in the Highlands had not been part of the process of Government in the Highlands', and that in his estimation it ought to be.²⁰ In considering the possibility of setting up such a body it had to be kept in mind that following acceptance of the Trend Report, the Development Commission's future would come under consideration and it might well be decided that it should now be wound up.²¹ A great many Highland projects had been or were being currently financed out of the Commission's Development Fund, for example the Highland Fund's industrial loan scheme, Scottish Country Industries Development Trust, and Agricultural Cooperatives, and failing some new Commission or Authority being set up, Departments would have to take over the financing of such ventures. There were, however, advantages in having a non-departmental body to undertake this kind of work. A Highland Development Authority could well take over and extend the work which had been done in the Highlands by the Development Commission.

If a Highland Development Authority was created its general remit might be to implement such general plans as might emerge from the Scottish Development

²⁰ NAS SEP12/97 20 July 1962 - Robert Grieve, Scottish Development Dept to R.H. Law, DAFS, 'Advantages of a Regional Plan for the Highlands', following an *ad hoc* meeting of the Highland Committee dated 18 July 1962.

²¹ The 'Trend Report', (Parliamentary Papers 1963-64 Vol.IX, Reports, Commissions &c (2) Cmnd. 2171, Committee of Enquiry into the Organisation of Civil Science), was a review of research and development. This suggestion that the Development Commission might be 'wound up' did not materialise.

Group's current survey, amending the plan from time to time as circumstances required. Implementation would involve at least three elements –

- (i) Coordination or redirection of existing agencies and activities;
- (ii) Stimulation of new agencies or measures, and reshaping of existing agencies;
- (iii) The giving of financial assistance not available from other sources.

There were difficulties in the way of giving an Authority effective coordinating or directing powers. The natural focus for coordination or direction lay with the Secretary of State who was responsible to Parliament and had a whole series of financial and other powers to help him to get all the agencies concerned to dance to the same tune. It would be difficult to delegate such powers to an authority. In practice, the nearest they could get to this would be to rely on the Authority's advice in regard to the use of all the means of control which were in the Secretary of State's hands. In the matter of stimulating new developments the Authority could play a more truly executive role. There were indeed real advantages in entrusting this type of work to an Authority rather than leaving it to development machinery. An authority had greater freedom to explore the possibility of new developments since it could do this without in any way committing the government. Moreover, an Authority was in a position to give more continuous and undivided attention to this task than a Department or inter-departmental machine.

With regard to financial powers it was probably going to be necessary to be content with an arrangement under which the required funds were provided on a Departmental vote, but were spent on the advice of the Authority, which would follow the pattern of the Development Commission. A crucial question would be what kind of formula they could get to cover the purposes for which the Development Vote could be used. At present, the Development Commission could give assistance for rural developments under a very wide definition which ended with the words 'and for any other purpose calculated to promote the economic development of the UK'. The Scottish Office did not need to go as widely as that, but they did require flexibility to meet all reasonable needs as they emerged. A formula relating to the general tasks and purposes of the authority would be required, and especially not a narrow list of specific objectives where the case for

each item had to be provided in advance to a suspicious and reluctant Treasury. If it was desired to set up a Highland Development Authority, if only to install confidence, Sir Matthew Campbell thought that the arrangement which he had outlined would be a feasible proposition. It could work to a 'plan', advise the Secretary of State on how coordination or direction could be secured, undertake the work of stimulation and fill up the gaps, and advise on the expenditure of 'development money'. To be efficient, it would have to be a small body – the smaller the better – say three to five people – with its own staff. All should be paid and the chairman at least should be full time. It must be a statutory body and the new financial provisions needed would also require legislative sanction.

If such an Authority were set up there would remain a number of questions to settle – what other bodies should it displace, and how would the rest of rural Scotland be affected? Campbell thought the Highland Panel would have to go, or at least be reconstructed as a consultative appendage to the new Authority. The Highland Transport Board should be left until it had carried out its major task of reviewing the whole of the Highland Transport system and laying the general plans for the future. Once the transport system had taken its modern shape the Board could perhaps be dispensed with and the Authority take over what remained to be done. For the rest, he saw no need for any immediate change, but over the years the Authority might help to streamline existing machinery, particularly in the field of encouragement of industries. He thought the winding up of the Development Commission would help to clear the ground for the setting up of an Authority of the type envisaged, although the same could be achieved (though maybe after a good deal more argument) by just taking the Highlands out of the Development Commission's sphere and putting them into the Authority's care. If however, the Development Commission was wound up, the government would have to put something in its place for the benefit of the rest of rural Scotland. The results of the current Borders' survey would perhaps have some bearing on this; but he insisted that this secondary problem, although it should not be forgotten, need not be regarded as a material argument against setting up a Highland Development Authority if that should be thought politically desirable. With his concluding comments, Sir Matthew suggested that it was anybody's guess how much positive good a Highland Authority would do, and it would be foolish to be too optimistic as the real problems of the Highlands were intractable. Basic industries were likely

to give less employment and new industries were hard to attract. But if a small efficient Authority were set up, if some greater flexibility could be got into policy and administration, and if some modicum of extra money could be provided, some material additional progress might be made. If on the other hand the new machinery failed to make any impact they would be driven back to concentrating their energies on the substance of the problem instead of on machinery.²²

Another less than optimistic view was that the real choice seemed to lie between a strong and effective authority with powers and teeth, even at the risk of alienating the local government structure in the area, and a largely advisory 'umbrella' and stimulating body in which real power would continue to be vested in the separate agencies all independently concerned with developments in the Highlands, for example, the Forestry Commission, Board of Trade, the Fishery Boards, and the Crofters Commission. Previous experience suggested that the concept of a coordinating body, being largely advisory with very limited executive powers, was something less than a 'final' solution to the problem of the realistic management of the Highlands. Such a body would not clear away the dissipation of effort and overlap, and the lack of any coherent system of channelling Exchequer subvention into the area.²³

By May 1964, T.D. Haddow in the Scottish Development Department assessed the available evidence and suggestions for the Highlands from not only Sir Matthew Campbell and the Development Commission, but also from Lord Cameron of the Highland Panel whose contribution recommending a 'Highland Regional Council' was dismissed as being 'completely off the rails',

We don't believe a so called Highland Regional Council makes sense in the local government context. A body presided over by a whole time Crown appointee, with between a quarter and one third of its members nominated by the Crown, and covering an area from the Mull of Kintyre to John O'Groats or Shetland, does violence to almost all the basic principles of Local Government. ... The Regional Council would be far too large and inchoate a body to play any effective part in

²² NAS SEP12/217/77 21 April 1964, Sir Matthew Campbell, DAFS to T.D. Haddow enclosing a five page 'Note' on a possible Highland Development Authority, paragraphs 2-14.

²³ NAS SEP12/217/78 Memo 4 May 1964 J.H. McGuinness to Secretary of State (copy to Pottinger).

planning or development. We don't see how it could do anything more than replace the Panel as a pressure group, and we don't see how it would impress public opinion at all.

Indeed, Haddow now confirmed in reply to Sir Matthew Campbell that on the question of development, the hierarchy's thoughts were now turning to the establishment of a Highland Development Corporation modelled rather on the New Town Development Corporations with powers to carry out developments of various kinds at its own hand, and to assist existing agencies. He suggested the Corporation would draw funds for capital expenditure from the Exchequer up to a statutory limit, and receive annual grants from voted money towards its current deficit. An 'Annexed Note' provided an outline which 'would require a lot more attention to detail, especially in relation to the functions of Government Departments and Local Authorities'; although the fact that these agencies would continue with their own executive powers did not, Haddow suggested, invalidate the concept of a Development Corporation in the Highlands any more than it did in a New Town. He explained that the natural context in which to consider this proposition was in the current regional survey work of the Scottish Development Group in relation to the Highlands and Islands. But it would be desirable first of all to see if they could get some kind of broad inter-departmental agreement. There was also quite a problem of ethics in deciding whether a proposition of this kind should be put to Ministers before the election; or worked out more fully by the Scottish Development Group and presented to Ministers after the election, either as part of the Group's report on the Highlands, or as an advance submission of a major point arising in the Group's discussions.²⁴

The election referred to by Mr Haddow was the general election to take place no later than October 1964. The other factor now being pencilled in to Scottish Office discussions was the ongoing survey by the Scottish Development Group of the Scottish regions weighted heavily towards Central Scotland, but also including 'regional' surveys of the North East, the South West, the Borders, and the Highlands and Islands. The outcome of the yet to be completed Highlands' survey

²⁴ NAS SEP12/217/79 T.D. Haddow, Scottish Development Department to Sir Matthew Campbell, 6 May 1964, Memo headed 'Highlands'. See also the 'Annexed Note' at Appendices, Chapter six - Appendix (i).

and report was a convenient reason for government spokesmen to avoid authoritative statements relating to the future of the area with or without any form of development board. Both of these factors, the election and the Highlands and Islands survey report loomed larger as the year progressed, and official opinions developed. In August another cautious opinion now recalled the events of 1963 when unsuccessful attempts were made to widen the scope of the proposed Highland Transport Board to include development functions, but which resulted in an advisory transport board and the official £150,000 Highland Fund Treasury Loan Scheme. It was noted again that the present government's official response to proposals for a Highland Development Authority was to simply refer to the Scottish Development Group's current study of the economy of the Highlands and Islands and to confirm that any proposals for a development authority would be kept in mind in that connection. However, relating this to the approaching general election, a distinction was now suggested that whereas a Conservative government returned at the election might be prepared to await the outcome of the Development Group's study before considering establishment of a new Authority, a new Labour government might not be prepared to delay. To cater for the latter event, it was suggested that the Scottish Departments should have ready by October detailed proposals for a Highland Development body. This was a matter for high level consideration by both the Department of Agriculture and Fisheries and the Scottish Development Department, but if it was decided to have some concrete scheme ready against a possible change of government, then the proposals already made in previous discussion papers would seem to provide an excellent foundation on which to build, bearing in mind that the Labour Party's statement in their election manifesto *Signposts for Scotland* was,

The Highland Development Board will be designed to help the Secretary of State and other public bodies to formulate programmes of work to meet the special economic and social problems of the Highlands and Islands. It will have a full-time staff and be given

executive powers to carry out necessary developments which are outside the scope of existing authorities.²⁵

It was now ten months since David Price's visit to the Scottish office. The original discussions which had centred on the Board of Trade's ineffectiveness to help the plight of the Highlands had now developed into definite consideration for a Highland development body. The related intentions of the Labour Party, in opposition, had also registered at St Andrew's House, and by polling day Scottish Office officials were prepared for whatever outcome.

Creation of the 'Highland Bill'

In the event, it was the Labour Party that was successful in the October 1964 election, and within the same month a 'Brief' for the new government's Secretary of State for Scotland, William Ross, was prepared by the Department of Agriculture and Fisheries for Scotland in consultation with the Scottish Development Department and was circulated for the information of the Scottish Development Group. The Brief confirmed the new government's commitment in their election programme to the establishment of a Highland Development Board whose object would be to help the Secretary of State for Scotland and the various public authorities operating in the area to frame and to put into operation policies and programmes of work suitable to the special economic problems of the area. The Board would also be given executive powers to carry out necessary developments outside the scope of existing authorities. Thus the main task of the Board would in practice be to encourage, assist, or by itself undertake, necessary developments in the Highlands. The nature and functions of the Board were set out, with a final paragraph relating to the implications for public expenditure. It was suggested that the Board's powers and functions might fall into three groups – (a) Encouragement and Coordination; (b) Assisting Development; and (c) Direct Development by the Board²⁶ – with confirmation that legislation would be required once Cabinet approval had been obtained, with a view to the introduction of the Bill immediately after the Christmas recess, on which timetable it would be

²⁵ NAS SEP12/515/22 Memorandum R.A. Fasken to Mr Aglen 3 August 1964 relating to proposals for a Highland Development Authority.

²⁶ See Appendices – Chapter six - Appendix (ii).

possible to have the Highland Board in being by the summer of 1965. Once the Board got going, some rationalisation of the numerous agencies operating in the Highlands was anticipated, but it was not envisaged that the Board would take over the existing programmes of the present Governmental agencies operating in the Highlands. The needs of development might, however, in some cases make additional works and expenditure desirable in the fields of these agencies. In relation to finance it was thought that the Board's financial expenditure, including salaries, staff and other expenses and the first advances for development in the financial year 1965-66 were not likely to exceed £150,000. Looking further ahead it was more difficult to estimate the scope for development and what the desirable levels of expenditure might be, but it was suggested that the government may be prepared to contemplate expenditure rising to about £1 Million per annum by 1968/69.²⁷

Among the 'sources' contributing to this detailed October 'Brief' were the New Towns Act 1946; 'Terms of reference' from the Highland and Islands Advisory Panel; and the Scottish Trade Unions Congress' last 'Highlands' proposals to the Scottish Office in 1962,²⁸ and it was this 'Brief', collectively compiled in the Scottish Office during the last months of the outgoing Conservative government, which laid the basis for the plans announced in the Queen's Speech to open the new term of office for the incoming Labour government on 3rd November 1964 – a government with wide ranging plans for 'economic development'.²⁹ Surprisingly, press coverage following the Queen's Speech now suggested that,

Not much preliminary planning has been done [for the new Highland Board] ... and there was some doubt in official circles whether the matter would be included in the Speech after all, in view of the pressing need for redevelopment measures in the industrial areas.

²⁷ NAS SEP12/172/38 SDG58/64 Brief prepared October 1964 for the Secretary of Scotland by the Department of Agriculture and Fisheries for Scotland in consultation with the Scottish Development Department is circulated for the information of the Scottish Development Group.

²⁸ NAS SEP12/147/1 Details from the New Towns Act 1946; /2 a Note including the Terms of Reference of the Advisory Panel on the Highlands & Islands; /3 Scottish Trade Union Congress' proposals for a Highland Development Board submitted 29 June 1962.

²⁹ *Hansard* 701, Queen's Speech, 3 November 1964.

A government 'spokesman', however, reassured the press that the subject would now have priority in the Scottish Office, adding, 'It is a major break-through for the Highlands.' This apparently pro-government report went on to state that,

Although most of the Planning at official level was still to be done ... the Labour Party had been thinking about it in their years of opposition.³⁰

The newspaper report appeared to be suggesting a sudden change of policy for the Highlands created by the new government, whereas with the benefit of access to the contemporary government papers, this was more a continual process of policy development through the later years of the previous government. A process which was assisted by the Highland Panel's influence over the longer term, and more recently by the 'Norway Report'. Discussions on transport policy, the Conservatives' yet to be completed regional surveys of Scotland, and the Scottish Office's 'two-prong' strategy for the future of the Highlands and Islands, depending upon which political party was returned at the election, were also important.³¹ Although in fairness to the Labour Party, the Scottish Office did anticipate more urgency should Labour be successful, especially given their public statements in March and May 1964 by Allan Campbell Maclean and Harold Wilson respectively.³²

More appropriately, given his work on the 'Brief' for the Secretary of State, the same press coverage showed specific awareness and appreciation of Sir Matthew Campbell's 'special knowledge of the Highlands' gained from his role as Secretary at the Department of Agriculture and Fisheries, boosted by his involvement with the Highland Panel from its beginning in January 1947, his role as secretary to the Taylor Commission on Crofting, and his knowledge of land use in the Highlands. The new government's commitment to their Highland policy was now further underlined by allocating special duties for Highland affairs to both the Minister of State at the Scottish Office, George Willis MP for East Edinburgh, and

³⁰ *The Scotsman* 4 November 1964, 7.

³¹ NAS SEP12/515/22 Memorandum R.A. Fasken to Mr Aglen 3 August 1964 relating to proposals for a Highland Development Authority.

³² *Inverness Courier* 24 March 1964, 4 'Little Social Revolution in Highlands'; and 26 May 1964, 3 col.3 'Labour leader in Inverness'.

Lord Hughes, Under-Secretary of State at the Scottish Office. Initial reaction to the government's Highland proposals included a brief approval from Lord Cameron recognising that a Board with adequate powers and finance would be of great benefit. Sir Francis Walker of Leys, the Convenor of Inverness County Council, was concerned about the new Board's relationship with Local Authorities, and before commenting he would wait until the details were known, but he did not want the Board 'cutting across the functions of Local Authorities'. John Rollo was 'very pleased' that the government had acted so quickly. He thought it showed, 'they mean business.' He also urged that the Board be given very wide powers to offer inducements to industry in order to create employment and counter the drift of people south. If industry did not accept such inducements, he suggested that the Board should have the power to set up industries itself. The Scottish Liberals, who had long campaigned for such a Board for the Highlands and Islands, welcomed the government's intentions suggesting that Labour's action was a 'direct reflection of the Liberal Party's electoral success in the North', where they had gained the three mainland Highland parliamentary seats in addition to their leader, Jo Grimond holding his own constituency, Orkney and Shetland.³³ The Western Isles seat was retained by Malcolm Macmillan for Labour.

Willis and Hughes, accompanied by chief senior civil servant, Sir William Murrie, hosted a meeting of several Scottish Office staff headed by Sir Matthew Campbell to discuss their departmental memoranda relating to the Highland Board proposals. They agreed a 'Constitution of the Board'; the area to be covered – the Crofter Counties, with the addition at this stage of the County of Bute; and the recognition of the necessity for a 'Consultative Council'. The last was in response to the Prime Minister's assurance during his electioneering that in establishing a Highland Development Board, 'there must be full provision for the participation of the people.' It was Sir Matthew Campbell's suggestion that such a body might take the form of a 'reconstituted Panel.' Their conclusions would now be outlined to the Secretary of State for Scotland and to the Treasury. Lord Hughes and other senior Scottish Office staff would inform Lord Cameron (Highland Panel), R.H.W. Bruce (Highland Transport Board), J.S. Grant (Crofters Commission) and William Scholes (STUC and Highland Panel member) to seek their reaction. 'Background

³³ *The Scotsman* 4 November 1964, 7 'Highland Board Will Be Given Priority - Pledge from St Andrew's House'.

notes' of all four were provided for Lord Hughes who was a newcomer to the Scottish Office. He was specifically advised of Lord Cameron's and Messrs Bruce and Scholes' participation in the Highland Panel's visit to Norway in 1961, whose recommendations were 'relevant to the present considerations', and a copy of the Norway report was provided for Lord Hughes' information. The 'Notes' also provided guidelines on the 'General Principles' which were being sought for the Board – that it should 'cooperate with the elected Local Authorities and not ride roughshod over them', in that the Board would have full consultations with local opinion both informally and with representative bodies in the course of framing and executing its plans. On the other hand it would be essential that the new Board should be effective in dealing with needs which did not fall within the normal powers and responsibilities of existing local authorities. The Prime Minister's original intentions from May were again emphasised,

We shall make a start here in the Highlands and Islands with a Highlands and Islands Development Board under the direct executive authority of the Secretary of State for Scotland. Everything needed to secure full scale and vigorous development will be within the scope of the Board...³⁴

For industry, the new Highland Board would in due course undertake the scheme of loans for small businesses presently being administered through the Highland Fund, and it would be able to carry out 'missionary' activities to attract industry into the Highlands. There was also an intention to provide advisory services on a more extensive scale than before relating to, for example, management, technical, and accountancy skills for small firms, but with considerably more flexibility of approach compared to the present Scottish Country Industries Development Trust.³⁵ This last point, a distinct lack of basic business expertise, had been one recognised by John Rollo following the launch of the Treasury Loan Scheme in October 1963.

³⁴ NAS SEP12/147/9 'Background notes' for Meeting on 18 November 1964 of DAFS and SDD with Highland Panel and Crofters' Commission, paragraph 3; and quoting the Prime Minister's speech at Inverness in May 1964.

³⁵ NAS SEP12/147/9 as above - paragraph 9, Items (vii), (viii) and (xi).

Treasury approval was now sought based on the original costings suggested by Sir Matthew Campbell of £150,000 in 1965/66 increasing to £1M for 1968/69,³⁶ and by December 1964 the Highland Development Board proposals had reached a Steering Group on Regional Economic Planning at the Department of Economic Affairs in London.³⁷ Among the 'Powers and Duties' of the Board now being clarified was the Board's task to consider measures for the better use of natural resources of the Highlands, 'the most important being the land itself'. The Board would be concerned to see that there was a proper integration between agriculture and forestry –

that land which could be reclaimed at reasonable cost was brought into productive use; and that as part of planned community developments, viable agricultural holdings were created wherever possible by the amalgamation of uneconomic holdings or by creation of new holdings from unused or under-farmed lands.

For these purposes, as well as for industrial and tourist development, it would be necessary for the Board to have power to acquire, manage and dispose of land.³⁸ It was this not unreasonable idea that a leading Conservative politician would attempt to ridicule in the coming months.

Meantime, the 'London' consideration of the proposed 'Highland' legislation also prompted not unreasonable comments from a meeting of representatives from five government departments. The Treasury accepted that the government were committed to the setting up of a Highland Development Board on the lines indicated, and realised that the powers could be justified in the very special circumstances of the Highlands and Islands. They insisted, however, that there must be no repercussions in other parts of the country. For example, it was stated that similar bodies with similar powers could not, in the Treasury's view, be

³⁶ NAS SEP12/147/11 Russell to Fasken 19 November 1964.

³⁷ NAS SEP12/147/14 1 December 1964 REP(64)7 Copy no. 96 - Steering Group on Regional Economic Planning; *Proposed Highland Development Board* (paper by the DAFS) 30 November 1964 including Appendix - 'Powers and Duties of the Highland Development Board'.

³⁸ NAS SEP12/308/2 Memorandum by the Secretary of State for Scotland 30 November 1964, 'Powers and Duties [of the Board]' attached to confidential memo of Mrs J. Bridgeman, Department of Economic Affairs, London S.W.1 relating to REP(64)7 1st December 1964, Steering Group on Regional Economic Planning, 'Proposed Highland Development Board' (Paper by the DAFS).

contemplated for Wales or any other part of the country. There was no objection to the level of expenditure proposed, although the Treasury were regarding these as 'indications only'. Not surprisingly, the Welsh Office disagreed, suggesting that Wales was very much like the Highlands and they would have liked to have seen similar measures taken for Wales. Their representative reserved his Minister's position, but received no support from anyone else. The Ministry of Transport accepted the proposals on the basis that the general intention was not to go beyond the scope of the work now being done by the Highland Transport Board. They realised that the proposed power to 'carry on any business or undertaking', included in the proposals, would enable the Highland Development Board to run a railway, but they did not suspect the Board of wanting to do this. The Scottish Office regarded the 'Transport' comments as 'therefore quite friendly.' The Ministry of Agriculture were reassured by the Scottish Office that all references to agriculture and forestry were to be read in a Highland context, against the background of state ownership of land (going back to the 1919 Land Settlement Act), and the proposed extended powers to acquire land there. The Scottish Office assured the Ministry that they had not evolved any new land structure or land settlement policies of general application. It was felt that the Ministry of Agriculture did not seem likely to raise any difficulties, except that they may have thought that this Highland policy might well be applied to other upland areas. The Board of Trade (with the sympathy of the Treasury) felt that the demarcation line between Board of Trade Advisory Committee assistance and the Highland Development Board should be more fully worked out. They also asked what was proposed about tourism, and suggested that the British Travel Association should be consulted; but they did not suggest that the further consideration by the Economic Development Committee of the new Highland Board should be held up.³⁹

The Economic Development Committee duly approved the proposals for a Highland Development Board a few days later, but not without elaborating on the issue raised by the Welsh Office for similar treatment for Wales. In the Committee's discussions, it was suggested that the appointment of a Highland

³⁹ NAS SEP12/147/16 Sir Matthew Campbell DAFS to Lord Hughes, Minister of State and Secretary of State, 8 December 1964 [also SEP12/308/3] Memorandum enclosing the Draft paper including the Government's Departmental reactions to Highland Board proposals.

Development Board to reverse the trend of depopulation in the Highlands could lead to demands for setting up similar authorities to reverse the trends of depopulation in other areas, particularly in Central Wales. However, it was decided that a proliferation of such bodies could make more difficult the task of regional economic planning. On the other hand, the Ministry of Agriculture had already instituted inquiries into hill farming in England and Wales and it could well be that, with the help of that inquiry and with the fruits of experience of a Highland Development Board, the problems of Central Wales could be looked after without it being necessary to establish a new development board for that area. Proposals for appointing development boards for other areas on the lines of the proposed Highland Board would have to be considered on their merits if and when they arose; but the Committee concluded that the risk of stimulating such proposals was not a good reason for abandoning the proposal for a Highland Development Board. This Committee also agreed with the Secretary of State for Scotland's decision that the new Bill would only apply to the Seven Crofting Counties, though provision would be made for other areas to be brought in at a later date by Statutory Instrument if this was thought suitable. The County of Bute, which had been included at an earlier stage, was therefore omitted. The Committee now approved 'the proposals for legislation setting up a Highland Development Board.'⁴⁰

Progress towards legislation was delayed slightly when the Minister of Transport reneged on his Ministry's previous agreement, when he sought the Board's referral to himself for decisions on Highland transport. This was swiftly refused on several grounds by the Secretary of State for Scotland who insisted that the circumstances in which the Highland Development Board was being set up were quite special, and it had to be demonstrated that it was the Board which was an effective body endowed with power to take action over a wide field. The Board would be responsible to the Secretary of State, and it would be for him to seek direction, approval and finance and discuss with other Ministers as necessary. The intention was to seek simplicity of procedure in the submission of proposals and the Secretary of State's approval of them. To include other Ministers would be too elaborate. The procedure would apply to other Ministers as well as the Minister of Transport. There was no question of any Ministers being overlooked, and he was

⁴⁰ NAS SEP12/308/4 Extract from Economic Development Committee paper 'ED(64)8th' 14 December 1964 paragraphs 4. Highland Development Board; and 6. Seven Crofting Counties only.

happy to discuss further how the new Board may go about its work where discussion with other Ministers was required. Equally, there was no intention to cut across the powers or functions of other statutory bodies such as Local Councils and their Planning Authorities.⁴¹

Parliamentary approval

The Highland Board Bill's path through the House of Commons began in late February 1965. The new Board's duties would be proposed as,

1. To keep under review all matters relating to the economic and social well being and development of the Highlands and Islands.
2. After appropriate consultation with Local Authorities and other bodies, to submit to the Secretary of State for Scotland proposals for economic and social development.
3. To concert, promote, assist or undertake measures to implement any proposals which the Secretary of State approves.

The Board would essentially be able to carry out those developments which were outside the scope of the existing authorities. Its empowerment would include,

Acquisition of land by agreement or compulsorily, if so authorised by the Secretary of State;

Erection of buildings or other structures, and the carrying out of works on the land;

Provision of equipment and services on land;

With approval of the Secretary of State and the Treasury, the ability to acquire, set up and carry on, any business or undertaking whether of a commercial nature or otherwise, and also to dispose of any such business.

⁴¹ NAS SEP12/308/7 and /12 Legislation Committee meeting, 9 February 1965; Notes for the Secretary of State for Scotland; 4. Matters which may be of particular interest to the Legislation Committee.

It would also be able to give grants or loans for industrial or social development of the area, in accordance with arrangements approved by the Secretary of State and the Treasury. The assistance of the Industrial Estates Management Corporation for Scotland would be available to the Board for building or other work, and the Board's authority would extend to providing advisory and other services to local industries and businesses in respect of staff training, management, technical advice and accountancy skills. The Board, however, would not be an autonomous organisation. On the one hand it would be advised by a Consultative Council, which would replace the Highland & Islands Advisory Panel, and on the other hand, the Board's plans could not be operated without the consent of the Secretary of State for Scotland.⁴² This last point, and indeed the government's intentions in general, were apparently disregarded by the previous, now Shadow, Secretary of State, Michael Noble, who took the view that, the government were wrong in not waiting for the Highland survey, instigated by himself and due to report in the summer. 'Instead,' he claimed,

they had published a Bill in which they proposed to give themselves power to nationalise all the land in the Highlands and areas adjacent to it, to 'acquire' probably by compulsory purchase, every business, hotel and industry they wanted. They can send people to your home to ask questions on any subject they like ... they can extinguish the rights of every crofter, farmer or other person on the land – enormous powers indeed, even by socialist standards.

He asked, 'Will the Liberal Party support this measure of pure Marxist ancestry?'⁴³ Noble also criticised the government's spending allocation of £150,000 increasing to £1M by 1968/69 – figures which, quite feasibly, were originally being formulated during the final months of his time at the Scottish Office.

The new Secretary of State, William Ross waited until the following month and the Bill's Second Reading in the House of Commons, before publicly acknowledging Noble's criticisms. In his opening speech in parliament, Ross suggested there was no need to wait for a further survey of the Highlands – the area

⁴² *Glasgow Herald* and *The Scotsman* 24 February 1965 reports and editorials.

⁴³ *The Scotsman* 1 March 1965, 5.

had probably been surveyed more than any other. He advised the House that in empowering the Board to acquire land by compulsion if necessary, the government had been grateful to the Highland Panel and their recent authoritative 'Land Use Report'. The government's proposals had been based on 'the highly informed and skilled assessment of the land position made by the Panel, the membership of which was widely representative, and of which Karl Marx was not a member'.⁴⁴ In commenting that the Board's area would comprise the seven Crofting Counties only, Ross confirmed that provision would be made for the Board's remit to be extended to cover other adjoining districts if required. The Secretary of State, however, did take the trouble to emphasise that 'this compulsory purchase power' contained in the new Act, 'was subject to all the normal safeguards – the lodging of objections, the holding of enquiries and so on ...and there was no question of seeking unprecedented powers.' If the government were serious about developing the Highlands they had to have this essential compulsory power. He also advised the Opposition Benches that a 'welcoming statement from landowners in the Highlands had been received about this', and he had no reason to doubt their word. The government sought and expected cooperation, but they had to be able to deal with obstruction if that were to arise.⁴⁵

The main theme of Michael Noble's speech for the Opposition was criticism of the government for seeking too great a level of control over the new Bill. 'The Secretary of State was mentioned fifty-five times in thirteen pages' and 'this was a measure of the control which the Secretary of State had deliberately kept in his own hands.'⁴⁶ The irrelevance of the charge was confirmed by the former Secretary of State Arthur Woodburn's suggestion, that 'Noble knew very well that the Minister responsible for the Highlands, the Secretary of State, must necessarily be mentioned in these Bills, and that no government would establish a new Board to spend money without retaining its own right to control it?'⁴⁷ Press reports of the Highland debate focused on the 'compulsory purchase' issue, with *The Times* confirming that such powers would be 'subject to normal safeguards', clarifying that,

⁴⁴ *Hansard* Vol.708, 16 March 1965, Highland Development Bill Second Reading, Col.1089

⁴⁵ *Hansard* Col.1089.

⁴⁶ *Hansard* Col.1105.

⁴⁷ *Hansard* Col.1111.

Although the Board could acquire [land], set up or carry on any business or undertaking, there was no question of compulsion. Acquisition had to be by agreement.⁴⁸

The *Glasgow Herald* suggested that the Scottish Secretary was, in effect, 'proceeding to extract the teeth which he had so proudly endowed to the Bill', and that 'the Highland Development Board would not, after all, be an instrument of compulsory acquisition or inquisition. It would proceed only by agreement and conciliation.'⁴⁹ The view from Edinburgh appeared to be more sympathetic with the government's intentions, with The *Scotsman* observing that Ross's Commons' speech should disarm the critics of the Highland Development Board. Recognising there were Tory fears of unwarranted interference with private rights, the newspaper observed that although any body might misuse its authority, Ross had confirmed that the Board would not act in an inquisitorial and arbitrary manner. The Highland Board had been given a challenging task; it would have had no hope of coping with problems that had defeated other methods of attack if it were denied effective means of enforcing its considered policies. As Ross had said, the proper use of land was the basic question in the Highlands, and it was reasonable to give the Board powers of compulsory acquisition, subject to normal procedure for objection and enquiry. The ultimate sanction, however, would not necessarily require to be invoked to any great extent, as landowners' organisations had shown a reasonable attitude to land development. A recent successful project for a land-use survey in the Dornoch Firth area had been an example that could be followed. Again, it was unlikely that the Board would go into business, despite reference to this in clause six of the Bill, unless it had to provide services or start enterprises which private investors were unable to undertake. There was little reason to fear that the Board would be irresponsible, and a scourge for private interests.

However, one doubt expressed by the newspaper was whether the Board would have the authority and financial strength to make headway in any formidable assignment. It was not to be the Board's function to disburse funds. Government spending in the Highlands – £33M in the current year – was spread through other channels. The Board's own slender resources would not prevent it

⁴⁸ *The Times* 17 March 1965, 17.

⁴⁹ *Glasgow Herald* 17 March 1965, 8 Editorial comment.

from calling for greater expenditure if it judged that other agencies should speed up their programmes. The Board's function was to stimulate, encourage and promote schemes which would be carried out by other authorities. The new Bill armed the Board with sufficient powers, but how successfully these would be employed would depend on the energy of the chairman and members of the Board, and on the backing which they received from the Secretary of State, especially for proposals requiring financial aid. Mr Ross did not need to wait on the Board if he wanted action; some of the existing agencies could and would do more if they had encouragement, or even the approval of the new Board, for long standing schemes.⁵⁰

This 'Second Reading' of the new Bill,⁵¹ was 'Unopposed', and proceeded to further debate in the Scottish Grand Committee at Westminster a month later. Michael Noble again chose to 'anticipate a clash of ideology', and maintain that 'the present wording [of the Bill] was extremely wide.' He claimed the Secretary of State was providing the Board with a 'complete blank cheque' to carry out whatever operation they wanted, and he sought changes to the wording. Labour's Malcolm MacMillan MP for the Western Isles responded, saying 'people in the Highlands expected the Board would be a powerful and executive instrument in the hands of the state to do the jobs that enterprise was not doing.' He claimed the Bill was necessary because private enterprise was not doing anything at all. Willfred Baker, Conservative member for Banff, asked that although it was good that the Board would have power to initiate an enterprise, if the Board undertook enterprises with public money, what was the difference between that and outright nationalisation? His idea of the Board would be that of a coordinating body, a planning body, with experts of various kinds able to initiate enterprises and undertakings with a view to stabilising the population and attracting people back. What was the government really seeking? Did they want the Board to be a do-gooder? A commercial enterprise? Or, as he would like to see it, a sensible coordinating and initiating agency. He claimed that initiation should be the key, rather than an undertaking which could lead to the Board becoming farmers, foresters and fishers.

⁵⁰ *The Scotsman* 17 March 1965, 8 Editorial.

⁵¹ Since the first publication of the Bill, its title had been changed to the more inclusive 'Highlands and Islands Development (Scotland) Bill', rather than 'Highland Development (Scotland) Bill).

The Minister of State, Mr Willis replied for the government; first assuring the Opposition that the government would use private enterprise and all the agencies available to help the Highlands. The intention was not to clutter up the Board with work that could be done by others, but the Board ought to have power to keep an enterprise going if it was in the interests of an area to do so. Second, the Board was not free to do absolutely as it liked. It had to consult first. It had to have schemes approved, not only by the Secretary of State, but also, in certain cases, by the Treasury. These were the safeguards against the sort of wild action the Opposition seemed to fear would happen. At this point, Russell Johnston, Liberal member for Inverness, put his own plea 'to keep ideological warfare out of committee proceedings,' suggesting that the Highland people would not appreciate a long debate on nationalisation versus non-nationalisation. Taking the cue, Michael Noble accepted the reassurances of the Minister of State, and withdrew the Opposition's proposed amendment.⁵² The Highlands and Islands Development Bill went to a Third Reading in the House of Commons with further alterations to the detail of the wording before proceeding to the Statute Book.

Highland Panel ends – The Board's beginnings

The remaining task required would be the appointment of the proposed new Board, but not before the services of the Highlands and Islands Advisory Panel had been called to a respectful conclusion. At the Highland Panel's last meeting at Inverness in June 1965, the Secretary of State was 'very glad to be with the Highland Panel in a year which he hoped would prove to be a landmark in the Highlands.' Talking about the prospects for the Highland Development Bill, he thought the Bill was 'fairly revolutionary, but it had received general acceptance.' He hoped the Board would inherit the virtues of the Advisory Panel, but not their frustrations. This was to be 'a special measure for a special area', and he claimed that the Highlands and Islands would not be isolated, but were to be an essential part of Scotland, going on to explain his government's inclusive thinking. The Scottish Economic Planning Board were undertaking regional surveys for consideration by the Scottish Economic Planning Council, in preparation for a development plan for Scotland, of which the development of the Highlands would

⁵² *Glasgow Herald* and *The Scotsman* 16 April 1965 Scottish Grand Committee reports.

be an integral part. There would be a place for the new Highland Board chairman on the Planning Council. The Highlands and Islands Development Board was a natural follow-on from the work of the Highland Panel, 'a break away from romance, to tackle the real problems of the Highlands which, in many ways, were akin to the other parts of Scotland where only leadership and a wholehearted vigorous and enthusiastic attack from the people of the Highlands themselves would solve the problem.' The Secretary of State thanked the Panel members for their dedicated work throughout the years, expressing the hope that some of the personnel of the Panel would serve under the new arrangements. In return, Panel chairman, Lord Cameron said it was encouraging to know that, at the end of the Panel's activities, one of their objectives, the creation of an effective executive authority dedicated to the solution of Highland problems, had at last been achieved, and was on the verge of taking shape.⁵³

The final Panel report drawn up by Lord Cameron recorded the uncompleted Panel Studies, including matters to be brought to the attention of the new Highland Board when it was appointed. The outstanding business ranged across the full remit of the Panel to include Agriculture and Forestry, Fisheries and Communications, with the addition of a topical project, the organisation of a Highland exhibition. On behalf of the Panel, Lord Cameron had concluded that the government's policy during the last twenty years of 'spreading the jam as widely (and as thinly) as possible,' had met with insufficient success to justify its continuance, unless a more constructive and acceptable policy could not be found and adopted. He questioned whether there was any other appropriate policy for the area, putting forward the Panel's suggested 'feasible alternative', which might be,

to adopt the policy followed by Norway of refraining from providing at public expense, modern communal facilities in excess of those enjoyed for the time being. And at the same time pinpoint areas with development proposals to which the populations of declining communities might move, and to concentrate available resources on the development of those areas.

⁵³ NAS SEP12/4 Advisory Panel on the Highlands & Islands, Minutes of the 106th Meeting 11 June 1965.

This had been considered both constructive and acceptable by the Panel, and the suggested focal points of growth had included Campbeltown, Oban, Portree, Mallaig, Kirkwall and Lerwick. The Panel had also recognised that this was a most difficult problem, in human terms, but they had considered it was a problem of basic and vital importance to the whole future of the Highlands and Islands, and a problem which had been too long unresolved.⁵⁴

With the Highland Bill receiving its Royal Assent, the *Inverness Courier* declared its preferences for the choice of Board chairman. The wrong choice, the newspaper claimed, would be worse than the previous years of neglect, and even suggested that 'no Board, and the [present] not-very-generous financial resources', would be better than having 'a new Board with the wrong person at its head.' There were 'great hopes pinned on the Board, and should it turn out that the chairman was to be a political appointee, or someone with insufficient first hand experience of life in the Highlands, that would be tantamount to an inexcusable breach of faith which the Highlands would find extremely hard to forgive.'⁵⁵ This Highland newspaper was, therefore, not impressed by the appointment of Robert Grieve, Professor of Town and Regional Planning at Glasgow University, to the new position of Chairman of the Highlands and Islands Development Board. Grieve had taken up this academic appointment only the year before, having served at the Scottish Office since 1946, and, as we have seen, as a Highland Committee member in 1962, contributed with some authority to the discussions relating to the 'Highland problem'. However, the *Courier* was not to know of Grieve's close 'Highland' involvement at the Scottish Office. The editor could only 'presume [Grieve] may be conversant from outside with the many and varied aspects of the Highland problem,

but that is surely insufficient qualification to be our overlord? ... Do his interests in mountaineering and skiing, a knowledge of tourism ... added to eighteen years in the Scottish Office really qualify him to lead a Board charged with reviving and rehabilitating the Highlands and

⁵⁴ NAS SEP12/4 APh(65)38 Advisory Panel's Final Report, attached to the 106th Meeting's Minutes.

⁵⁵ *Inverness Courier*, Editorial, 3 August 1965.

Islands, so that they can “play a more effective part in the economic and social life of the nation”? We think not.⁵⁶

The Lowland press was more welcoming, suggesting that although Grieve's appointment as chairman of the Highland Board was unexpected, the Secretary of State had made ‘an inspired choice.’ There had been pleasure and satisfaction expressed by individuals and bodies who were concerned with the Highlands which confirmed that no one better qualified for the job could have been appointed. Grieve was described as a leading planner who had the professional experience for directing an attempt to bring new life to a region which had suffered from half-hearted plans. With his civil service background he knew how the official machinery for development worked, and the local authorities who had been afraid that the Highland Board might encroach on their functions would be reassured by the appointment of a distinguished planner in whom they would have confidence. Recognising there was a gap between the industrial belt and the Highland region with its traditional farming and fishing, it was suggested that Grieve was at home in both worlds, and being able to view the Highlands with detachment and sympathy, he could bridge that gap between the regions. The Board's function was to propose programmes of work and to undertake schemes which were outside the scope of other authorities. It would be an executive body trying to introduce new enterprises into the Highlands and encouraging new initiatives. Its chairman would need energy, determination and the gift of leadership as well as knowledge of planning. There was every reason to hope that Grieve would show these qualities in his challenging assignment. The Highland problem had been around for generations; an infinite amount of planning, goodwill and effort had been expended on the region, and still depopulation continued. Grieve had a formidable task, but given Government support, especially financial, he could succeed; he would start with his own incomparable professional assets, and more important, with a deep love of the Highlands.⁵⁷

At a more practical level, Inverness was also hosting separately, at this time, the annual conferences of crofting interests and land owners, which provided their

⁵⁶ *Inverness Courier*, 6 August 1965, Editorial.

⁵⁷ *The Scotsman* 6 August 1965, 6 Editorial.

respective insights to the current state of affairs. At the Federation of Crofters' Unions' conference their chairman Charles MacLeod welcomed the government's appointment of Professor Grieve as chairman of the Highland Board, but suggested that it gave the impression that behind all the expectancy and enthusiasm which the new Board had generated in the Highlands, there still lurked the fear that sometime, somehow, it would be hamstrung by the Treasury. Although they were meeting at a time of anticipation and new hope, it was unfortunate that the Highlands and Islands Development Act had been born in a period of economic crisis and difficulty. On the other hand, they were glad that the recently announced cut-back in national expenditure would not be applied to official development districts, of which the Highlands and Islands were one. MacLeod agreed that this new Highland Board Act would give wide powers to the Secretary of State, but feared that the full implementation of the Act would depend greatly on the attitude and policies of the government of the time. He stressed the importance of the chairman and members of the new Development Board being able to show qualities of independence from authority, in the event of an adequate development programme being withheld. That was why it was so important that they should have a tough chairman – a man for the Highlands, not the government. The Federation also expressed their concern that the development plan which was being prepared for the Highlands, was in their view, aimed at making tourism the main remedy for the Isles.

Lord Cameron, as their guest speaker, gave ground for hope for the future of the Highlands, emphasising that at last an executive body had been obtained charged with promoting the interests of the area. If there was going to be change, it would inevitably involve an alteration of outlook and attitude. It would be the duty of the new Board to create conditions in which people could live profitable, prosperous and full lives. He insisted that land, its uses and all its resources, was the foundation on which to bring the profit, prosperity and contentment which the Highlands could achieve. Lord Cameron told the Federation they had a great responsibility on their shoulders, and that in their hands lay perhaps the last opportunity to marry the true Highland way of life to a moving and dynamic economy. Of Professor Grieve, Cameron said he had known him for many years through the Highland Panel, and he suggested there was no man more dedicated in his enthusiasm for the real development of the Highlands. Another contribution, on

a more cautionary note, came from William Scholes, the former member of the Advisory Panel who had contributed to the STUC's campaign for a Highland Board. He was also full of praise for Professor Grieve's appointment, but offered the words of warning that looking at agriculture in its present form in the Highlands, crofting was too traditional and inefficient, and that its productivity in terms of land use was nil or only marginal. Similarly, the chairman of the Crofters Commission, J.S. Grant told the conference that the difficulty now confronting the Highlands and Islands arose from the fact that the [United Kingdom] economy was still running down, with the result that they had the development of an attitude from which it would be difficult to divorce themselves. It was essential that they should look now to the future with realism and courage and try to make the best use of their assets instead of trying to protect the status quo.⁵⁸

From the Scottish Landowners' Federation conference, R.W.K. Stirling of Fairbairn, Muir of Ord called for massive cooperation between all interests in the use of land in the Highlands, and an end of 'continual bickering between Highlanders'. The problems to be confronted included a lack of capital, the steady drain of population, and the under-use of land. He admitted that absentee landowners contributed to the difficulties, but suggested that it was up to their Federation as a responsible body to persuade others to carry out their duty to the land and the people where necessary. Many 'absentees' were, in fact, sinking a great deal of money into their Highland properties, which did provide some employment, but it was admitted that there were others who were not pulling their weight. Stirling specifically blamed the civil service in Edinburgh for a lack of understanding of Highland problems, recalling that the Central Planning Authority in Edinburgh had asked county planning officers in the Highlands to prepare maps showing what areas were deer forest, and what areas were devoted to hill farming. He suggested, 'Such a demand was quite impossible for obvious reasons', and in his view it made the people concerned look 'not only ignorant of their subject, but rather stupid, and yet these were the people who advised politicians, most of whom represented towns or cities and therefore could not know what they were talking about on rural subjects.' Tourism was regarded 'as one of the biggest problems.' It was 'intrusive', and Stirling suggested that a means had to be found to fit tourism

⁵⁸ *The Scotsman* 7 August 1965, 1 and 14.

into their way of life, and 'not allow the Highlands to become a playground for those who wanted to escape from the artificial life'. He was more positive about forestry given that while there was a growing shortage of timber throughout the world, there was also an increasing demand for products and by-products of timber. While the United Kingdom had to import much of its timber requirements, it had been estimated there were still 1,000,000 acres of plantable land in the Highlands, although this did include vast areas which although plantable, would not produce an economic crop. There were some 500,000 acres within this area on which it was more economic to continue sheep or other farming, and this created a choice between using those acres for wintering the stock, or planting trees. Tree planting would eliminate not only the stock, but also the use of the higher land for that stock in the summer months. He asked, 'Are we prepared to wipe out our deer and hill sheep, and thus render useless for production possibly millions of acres of high ground?' and he, for one, was not prepared to allow such an eventuality. Nevertheless, the Highland Panel had already advocated a tree planting rate of 20,000 acres per year by the Forestry Commission, and 3,000 acres by private individuals, and Mr Stirling was sure this could be achieved. Forestry, he suggested appeared to be an industry which would interest and hold people in the Highlands, and full advantage had to be taken of this to enable additions to the forestry communities already well established by the Commission. A final word of caution came from the Forestry Commission's Northern Region spokesman H.A. Maxwell who observed that with the creation of a Highlands and Islands Development Board there had been references to 'an industrialised Highlands'. Given the recent evidence of the new Fort William pulp project, it appeared that forestry was to be one of the main hopes of achieving that new status, and he suggested that all political parties saw some of the Highland development in the form of more forestry. He was certain that they also shared everybody's wish to see the descending spiral of decay turned into an ascending spiral of regeneration – forest regeneration. However, it would not be sufficient to create only tree factories; their forests would also be expected to create places of beauty and recreation.⁵⁹

⁵⁹ *Inverness Courier* 10 August 1965, 3.

Appointments to the Board

The Highland 'conference' activity was emulated soon afterwards by the new Highland Development Board chairman's first meeting with the press, and his official introduction to Inverness, prior to the appointment of individual Board members. Grieve claimed that his appointment by the Secretary of State would remove the Highlands' issue from the political arena, as 'a completely free hand' had now been given 'to work out the Highlands' own salvation'. Perhaps significantly, he also emphasised that 'political considerations would also come second in respect of the appointment of the Board's members,' and he confirmed that he, himself, would be exercising a very big influence on these choices. On the other hand, he and the Board would not be working in isolation. The job to be done would be for all Highlanders in cooperation. 'It won't work unless they are with us.' He was confident that answers could be found, not only from local solutions, 'but by also looking at the British, even European context.' The Board's major function would be to devise a long term strategy for the resolution of problems, and this would represent a significant breakthrough in the history of the Crofter Counties. 'To date', he admitted, 'there had been no unified strategy within which intelligent decisions could be seen to be intelligent. Action should come only after real knowledge is established, and in some respects,' he confessed, 'we do not have this knowledge.' To obtain this, he was sure the Board would need its own research staff, something the Highlands had never had concentrated in one place for that specific purpose. All such results would have to be assessed to determine the main tactics of an overall strategy. He identified short-term measures as 'certain spheres of the tourist and land problems', which he was hopeful could be tackled quite quickly. The Highlands, he finally observed, comprised one of the great remaining, relatively unspoiled areas in Europe. He was aware that an increasingly high value was put on such areas, not only in terms of its products, but also in terms of recreation, and relief from living in the great cities, and in this the Highlands were quite unique.⁶⁰

The government's priority now was the selection of the members of the new Board to assist Professor Grieve. As early as November 1964 the Scottish Office had listed about thirty possible names for consideration – a list which interestingly

⁶⁰ *The Scotsman* 26 August 1965, 5 "Completely Free Hand" for Highland Board.

included five of the eventual appointees, including 'R. Grieve', although not at that stage as chairman.⁶¹ By January 1965 the list numbered fifty-five, which was divided into 'names from outside sources' and those from 'official sources'. At that early stage also, Lord Cameron was the Secretary of State's first choice as chairman of his new Board. Cameron's circumstances were discussed in detail taking into account his age, sixty-five, his remaining five years at the Bench to qualify for pension benefits, and his present salary compared to the potential Board salary – the Scottish Office's 'best offer might not be accepted' – and having learned all the circumstances the matter was dropped by the Secretary of State without further comment.⁶² By May 1965, the possibilities for consideration for chairman had included John Rollo, James S. Grant, Crofters Commission chairman, A.F. Noble, Vice-chancellor of Leicester University, the Duke of Hamilton and William Logan.⁶³ Support for John Rollo also extended to a handwritten letter addressed to 'Mr Ross' from Wendy Wood of 'The Scottish Patriots' who also included Frank Thomson of Invergordon Distillers in her recommendation.⁶⁴

In July 1965, Scottish Office negotiations were in process with Glasgow University for the services of Professor Grieve as their Highland Board chairman. The University attached great importance 'to having some part-time service from him in a public capacity', whereas the Highland Bill had specified that 'in particular the chairman of the Board shall be engaged whole-time in the services of the Board.'⁶⁵ The solution was arranged that rather than lose Grieve's services entirely, the University Court would 'second the potential chairman for a period of five years to serve as chairman of the Board.' This, it was agreed, would give the chairman a sufficient continuing link with the University, without involving him in

⁶¹ NAS SEP12/270/1&2 Memo 12 November 1964 W.W. Gauld to Mr Aglen [Among the other names listed at this stage were Logan, Robertson, Rollo and Scholes].

⁶² NAS SEP12/270/22 Minute 8 February 1965 W. Baird to Mr Jackson DAFS - Present Position of Lord Cameron.

⁶³ NAS SEP12/270/35 List of Potential Whole-time members of the board 7 May 1965 - 22 listed with possibilities for consideration as chairman.

⁶⁴ NAS SEP12/58 Letter, Wendy Wood to Mr Ross, Secretary of State dated '24/6/65 Bannockburn Day' [sic]. This letter was acknowledged 8 June, with a reply 24 June from R.A. Fasken on behalf of the Secretary of State confirming 'suggestion noted'.

⁶⁵ NAS SEP12/65 T.D. Haddow to Secretary of State and Minister of State Hughes 8 July 1965.

regular absences from Inverness for the purpose,⁶⁶ and would fulfil the requirement that he would be 'engaged full time' for the Board.

At the meeting for the selection of Board members, Secretary of State Willie Ross confirmed that the main strategy of appointments following final amendments to the Bill would be to look mainly for 'executive' or functional members for the Board. The functional interests to be covered would include Land, Fishing and Industry and the members chosen should have knowledge not only of the particular subject, but ability in the management of staff. He suggested this was 'not an easy combination' and called upon Sir Matthew Campbell to amplify the government's thoughts. Sir Matthew suggested it was first essential to provide for the industrial interest which would include 'not only stimulation, advice and assistance for local industrial development, but also contacts with outside industry'. For these specific qualities he thought Mr Rollo, working perhaps half-time for the Board, would be 'eminently suitable'. The Secretary of State agreed, but felt that this appointment should be made a full-time one. Chairman Robert Grieve went one step further and considered that the full-time appointment of Mr Rollo to the Board was 'a must'.⁶⁷ Another suggestion, for the Board to share the time of J.C.N. Baillie of the North of Scotland Hydro-Electric Board on a half-time consultancy basis was also mentioned, but declined.⁶⁸ A more positive reaction was afforded to Sir Matthew Campbell's nomination of William Logan who with his experience and reputation throughout the Highlands and Islands would make an excellent member. William Logan's contracting firm was now one of the largest in Scotland having carried out many Hydro Electric contracts and built the new bridge over the River Ness at Inverness. His firm was at present working on the new Tay Road Bridge at Dundee, and other major schemes throughout Great Britain. Professor Grieve agreed with this nomination suggesting that Mr Logan would bring 'colour' and drive into the Board's activities. For the 'Land' interest Sir Matthew Campbell

⁶⁶ NAS SEP12/65B T.D. Haddow to Reid, 12 July 1965 copies to Wilson, Gibson, Campbell, DAFS.

⁶⁷ Did Grieve already have Rollo in mind when he indicated that 'political considerations would come second in respect of appointments to the Board'?

⁶⁸ This was arranged once the Board was set up. NAS HDB1/1 First Plenary Meeting of the Highland Board 3rd November 1965 – Minute 8 Feasibility of Mr J.C.N. Baillie of NSHEB as advisor to the HDB and as a link between the two Boards. The Board approved this proposal and remitted it to the Chairman to pursue with the Hydro Board including the financial implications.

suggested John C. Robertson, a farmer in Ross-shire, who was highly regarded in the North. He had been the choice of the Scottish National Farmers' Union for appointment to either the Board or the Consultative Council. He had graduated in Engineering from Cambridge University. He had been a part-time member of the Crofters Commission since 1960, and member of the Highlands and Islands Advisory Panel since 1963. He was said to be a young man with outstanding ability and drive and though somewhat brash, as yet, would make an excellent member. Professor Grieve said he would welcome this type of person on the Board, suggesting he should be a full-time member, or not at all.

Sir Matthew Campbell now asked the meeting whether there was 'any question of appointing someone from the landowning interest?' It was agreed that this should not be contemplated, and without further discussion Sir Matthew went on to cover the 'fishing interest' with the suggestion of Prophet Smith. In fact, Smith could cover a wide range of interests such as agricultural co-operation and 'Island' interests, as well as fishing. He had been a very effective Convenor of the County of Shetland, during which time he had served on the Highland Panel as chairman of their Fishery Group from June 1960 till 1963. Since 1963 he had been, and was presently, assistant secretary of the Scottish Agricultural Organisation Society based in Edinburgh, for whom he had been Assessor to the Highland Panel. Professor Grieve said he had been previously 'warned against' Prophet Smith on the grounds that it was desirable to avoid the 'old gang'. However, he accepted that Prophet Smith had good qualities, and it was decided to invite him to be a full time Board member. The 'excellent qualities and experience' of James S. Grant were considered by Professor Grieve and his officials, but it was felt that he should remain in his present position as chairman of the Crofters Commission. The question was raised of an appointment to meet the Trade Union interest. The Secretary of State suggested there was really only one name to consider – that of Mr Scholes. William Scholes had wide experience of the Highlands & Islands. He was a member of the Harris Tweed Association, and through his Trade and General Workers Union work had taken part in negotiations between the Harris Tweed mill owners in Lewis and the workers there. He had played his part in the Scottish Trade Unions' lobbying for a Highland Board since the early 1950s. He had been a member of the Highland Panel, and was currently, a member of the Development Commission. The Secretary of State thought he could

be a useful member, in various ways, and he should be included for a part-time appointment. Following the discussions, letters of invitation were issued to J.M. Rollo, J.C. Robertson, and Prophet Smith to become full-time members, and to W. Logan and W. Scholes to be part-time members of the Highlands and Islands Development Board.⁶⁹

Two of the acceptance letters were at least idiosyncratic. John Rollo's long letter included a detailed account of his present staffing difficulties, while at same time providing an autobiographical insight to his business career over the years with particular reference to his 'Highland' projects and the Highland Fund.⁷⁰ (See 'Appendices Chapter 6' - Appendix (iii)). John C. Robertson's veiled acceptance of the Secretary of State's offer could be described as 'bullish'. His 'definite and pig headed views on how the Board should act' included that he was 'in favour of money and energy being deployed always in support of change and innovation, and never to bolster a failing "way of life"'; and

for a hard-headed and where necessary a hard-hearted commercial approach whenever economic activities are concerned; for big, highly capitalised business in big centres as against the "small man"; for making a start by tackling the easy and obvious, leaving the difficult and uncertain aside until the former has been achieved; for determining questions in the light of the contribution which the Highlands can make to the country at large and not vice versa; vehemently against any support of those perennial Highland lame ducks and lost causes which have one way and another drained off resources so often in the past.

The Scottish Office took the view that he had proved himself to be a stimulating, worthwhile member of the Crofters Commission (and also of the Highland Panel until its dissolution). It was felt he was 'clearly prepared to accept the invitation to serve the Board loyally and to the best of his ability.' He was known to be

⁶⁹ NAS SEP12/359/31 Minutes of Meeting 3 September 1965 in St Andrew's House – discussion of candidates for the Highlands and Islands Development Board in confidence.

⁷⁰ NAS SEP12/359/34 Letter 9 September William Ross, Secretary of State to John Rollo offering a place on the Highland Development Board, and John Rollo's extensive reply 14 September 1965.

‘immensely energetic and would give the Board the whole of his time and attention’.⁷¹

One reaction to the appointment of the five members of Robert Grieve’s Development Board – that it was merely a ‘Re-hash’ of other Highland groups, particularly the now defunct Highland Panel – came from Donald Thomson, President of An Comunn Gaidhealach, their spokesman from that year’s current Mod at Largs. The *Inverness Courier* editor could see his point. Four of the five men had been members of the Highland Panel; but it was generously recognised by the newspaper that “that should be regarded as a qualification, rather than the reverse”, and another was still a part time member of the Crofters Commission. But that, in the *Courier*’s eyes, was not all they had to commend them – if the Secretary of State had provided two ‘jobs for the boys’, he had at least selected Labour supporters with specialist knowledge – one of trade union administration, as William Scholes was secretary of the Scottish Region of the TGWU with experience in the tweed industry, and the other, Prophet Smith who had been Convenor of Shetland County Council and currently was assistant secretary of the Scottish Agricultural Organisation Society. It was thought that Party claims having been adequately satisfied, the Secretary of State had wisely ‘gone to the experts’ and chosen [one of the newspaper’s suggested choices] Willie Logan, the only ‘non-Panellist’, and John Rollo, ‘chairman of the Highland Fund which has proved such a boon to many an enterprising but hard up crofter, small businessman and the like.’ Again, the *Courier* offered high praise suggesting that these last two appointees probably knew from experience more about the difficulties and how to tackle them, of revitalising, repopulating and reviving the Highlands than the rest of the new Board put together. Donald Thomson of An Comunn Gaidhealach had originally complained that the new Board lacked ‘a young man with experience’, but the newspaper suggested that the appointment of John Robertson of Castlecraig, gave the lie to such a suggestion, as here was ‘a young man from Easter Ross who has made a success of farming, still in his early thirties, and surely also sufficiently in touch with modern youth and ideas.’⁷² Following its

⁷¹ NAS SEP12/359/35 Memo 22 September 1965 R.M. Jackson to Mr Reid, copy to Mr Wilson, Mr Lyall, with correspondence between William Ross and J.C. Robertson, 9 September and 18 September 1965.

⁷² *Inverness Courier* 8 October 1965, 6/7 Editorial and report of Highland Board appointments.

initial disapproval of Grieve as the Board's Chairman, the Highland capital's newspaper appeared to have warmed to its individual membership.

Of the three full-time members of the new Board, perhaps most surprisingly, John Rollo was appointed deputy chairman to Robert Grieve. Despite Rollo's proven successes with his own small 'satellite factories' around the Highlands since the late 1940s, and of course his successful promotion of the Highland Fund with Lord Malcolm Douglas-Hamilton, he was only 'brought into the fold' of official recognition by Secretary of State, Michael Noble in mid-1963 to set up the government's Treasury Loan Scheme. Although Rollo's efforts in reviving the Brora coal mine had previously been recognised by its Royal visit of the Duke of Edinburgh, and Rollo was also associated with the Cairngorm Winter Sports Development Board and more recently, the Scottish Country Industries Development Trust, he and the Highland Fund had never been officially acknowledged. The creation of the Treasury Loan Scheme, however, was reason enough to elevate Rollo to Highland Panel membership, and the continuing parallel effectiveness of both the official 'Scheme' and the original 'Fund' appeared to convince Robert Grieve, at least, of the need ('a must') for somebody such as Rollo to be on his new Board. For the five year duration of his Highland Board appointment, Rollo gave up all his own business interests (he was now aged sixty-five), but he maintained his duties as chairman of his own creation The Highland Fund Ltd.

The Board's 'young blood' John C. Robertson was the second full-time Board member. He was a farmer at Nigg, described as a 'progressive agriculturalist' and a part-time member of the Crofters Commission. He had also served on the Highland Panel and was a member of the Scottish Agricultural Improvement Council. The remaining 'full-timer' was Prophet Smith, who had been brought up on his parents' croft on Yell, Shetland. From his farming background there, he became Convenor of Shetland County Council from 1955 to 1959, and was now based in Edinburgh as assistant secretary of the Scottish Agricultural Organisation Society. The two part-time Board appointees were Highland contractor, William Logan who would contribute his wide knowledge and experience of successful business in and around the Highlands over recent years, and William Scholes the trades unionist whose appointment recognised the STUC's continued lobbying of the Scottish Office for a Highland Board over the years and their 'officially' dismissed proposals as far

back as 1954/55.⁷³ Unfortunately, William Logan died in a plane crash within the first two years of the Board's establishment. His place was taken by Frank G. Thomson of Invergordon Distillers who had featured in the original choices, but was one of the candidates not considered 'though with some reluctance'.⁷⁴

The new era for the Highlands and Islands began in Inverness on 3rd November 1965 with the Board's first 'Plenary' meeting laying down some basic initial functions. For example, in recruitment of non specialist lower grade staff it would be a broad policy of the Board to reserve opportunities for people living in the Highlands and Islands. Otherwise each 'full time' Board member was provided with a brief outline of his 'Function'. Rollo, as Deputy Chairman, would be responsible for 'Industry and Industrial Promotion, with which was associated advisory, training, management, technical and accountancy services, industrial training, and mineral research and development.' Robertson's task was simply defined as 'Land' to include 'Forestry, Tourism and Recreation'. Prophet Smith's responsibilities extended to 'Fisheries, Transport, Communication and Power'. Other headings 'to be examined later', were listed as –

- Social and cultural development
- The possibility of new educational, experimental and research establishments
- Liaison with other bodies
- Liaison with the Highland Development Consultative Council
- Public relations and publicity
- Presentation of the Highland image

Already, at this first meeting, 'Arrangements for Financial Assistance' were being criticised. For example, it was considered that the £25,000 upper limit of total assistance (grant and loan) which the Board would have discretion to offer for industrial projects was too low. It was decided to accept it meantime, provided the Board was not prevented from providing supplementary assistance, yet to be discussed and confirmed. Otherwise, one of Mr Robertson's first 'land' issues was

⁷³ *Glasgow Herald* 6 October 1965, 1 'Highlands & Islands Development Board Completed'.

⁷⁴ NAS SEP12/359/31 Minutes of Appointments meeting, in confidence, 3 September 1965 paragraph 4.

Forestry at Kildonan, Sutherland, while Prophet Smith was stressing the need for development of the fishing fleet in the Outer Hebrides.⁷⁵ The newest chapter of the 'Highland problem' had begun.

⁷⁵ NAS HDB1/1 1st Plenary Meeting of the Highlands and Islands Development Board 3rd November 1965.

CONCLUSION

The thesis has shown a clear change of government policy by the Scottish Office in relation to the Highlands and Islands over the thirty years from the mid 1930s to the 1960s. A basic example is illustrated by noting Secretary of State Walter Elliot's statement to the House of Commons in 1936,

To have the race engaged in the tourist industry would not result in the Highlands which our forbears knew and they would not be the Highlands which we desire to preserve.¹

Michael Noble's address to the Highlands and Islands Advisory Panel in 1964 by contrast, announced that tourist revenue had increased almost threefold since 1950 to £20million in 1964, with 7,000 people now employed in the hotel and catering industry.² If the benefit of seasonal tourism was an obvious improvement to the Highland economy over those thirty years, the thesis has demonstrated the more subtle change of attitude towards 'development' brought about by the example of John Rollo's personal commercial successes and his 'small business' activities. In extending his own ideas into the promotion of the Highland Fund during the 1950s, he emphasised the paucity of the government's efforts of development through the official channels of the Board of Trade and their 'Advisory Committee'. The transformation of the status of Rollo and the Highland Fund in official circles, from political outcasts in the 1950s to Rollo's appointment to the Highland Panel in 1964 and the Highlands and Islands Development Board in 1965, personifies the changes of attitude in Highland policy at the Scottish Office over the period covered.

On the other hand, Rollo's contribution could only have succeeded if there were sympathetic intentions within the Scottish Office. This was proven by his initial contact with the authorities relating to his project at Inverasdale. He was fortunate on that occasion to have Tom Johnston as his 'go-between' with the Scottish Office. However, the resulting enduring small factory in 1952, using the

¹ *Hansard* Vol.318, 16 December 1936 Cols.2579-2580.

² NAS SEP12/14/001 APH(63)130 Minutes of the Highlands & Islands Advisory Panel Development Group 22 November 1963, Minute 4 Address by the Secretary of State for Scotland.

recently created hydro-electricity supply, proved to be an exception, rather than the hoped-for norm, and Highland development remained static during the remainder of the 1950s. Even Development Commission records show only eleven Scottish 'rural' projects over the longer term, five of these in Peterhead, and two in Wick, of which the latter were possibly associated with John Rollo, along with his premises at Inverasdale;

Development Commission Factory Building in Scotland, 1947-1961

Peterhead	- 5
Buckie	- 1
Inverasdale	- 1 [John Rollo]
Castletown, Argyllshire	- 1
Wick	- 2 [John Rollo also assisted Wick Town Council]
Halkirk, Caithness	- 1

There were also 12 premises in Wales (one not taken up).³

Ten years on, it was the detailed exchanges of opinion among the members of the Highland Committee at the Scottish Office which generated a new impetus for official ideas of Highland development. At this time, those responsible for the Highlands and Islands were concerned that the 'development' emphasis was being directed at the industrial needs of the Lowlands following the Toothill enquiry. However, the Highland Committee's discussions in July 1962 were timely, as they coincided with the change of Secretary of State at the Scottish Office with the appointment of Michael Noble and a fresh approach to the 'Highland problem'. The Committee's suggestions now included,

perhaps the Board of Trade Advisory Committee, which had been 'relatively ineffective', should retire from the Highlands and be replaced by the Development Commission?

³ Alan W. Rogers, *The Most Revolutionary Measure, A History of the Rural Development Commission* (Rural Development Commission, Salisbury, 1999), 71, Table 8.1 Factory Building in Wales & Scotland, 1947-1961.

the Scottish Country Industries Development Trust could be used as one instrument of local business stimulation in the Highlands;

the Norway Report could now be implemented, and

each County already had its own Development Officer.

Robert Grieve had commented that 'it was quite clear that Regional Planning had not been part of the process of government in the Highlands,' and in his estimation, 'it ought to be'.⁴ This was mid-way through 1962, by which time the Highlands and Islands Advisory Panel, first appointed by the Labour government in 1947, had benefited from Lord Cameron's more effective chairmanship since 1955. It had been Lord Cameron who had suggested to Secretary of State MacLay that the Highland Panel should reciprocate the Norwegian officials' visit to the Highlands, and find how the Norwegian government had improved the not dissimilar 'highland' problem in their country. The Panel's Norway visit emphasised the better results being obtained there from the work of development officers and the Norwegian emphasis on 'growth areas'. Essentially, government in Norway appeared more adept at achieving 'local' action in their rural areas, compared to the more centralised UK government's reluctance to create specific policy for specific areas. The UK's development arm was the Board of Trade and their 'Advisory Committee', whose parameters did not reach the smaller business developments required in Highlands and Islands' communities. The idea of 'growth areas' was even possibly played down by the Scottish authorities given Norway's stated option of 'winding down' failing rural settlements to encourage people to move to 'more viable centres', which carried the hint of 'clearance'.⁵

The Highland Panel also did much to stimulate discussion on Highland transport, and following the disappointing contribution of the Scottish Transport Committee, it was Lord Cameron and Major Iain Hilleary from the Panel who

⁴ NAS SEP12/97 Highland Committee correspondence to Committee members 26 July 1962, R.H. Law's 'further lines of action' following *ad hoc* Committee meeting 18 July 1962.

⁵ NAS SEP12/218/4 & 5 Frank Spaven's paper 'Recent Settlement in the Highlands of Scotland' presented to a Symposium at Siljan, Sweden, July 1960.

provided the backbone to the Highland Transport Enquiry.⁶ This was a timely exercise which provided fresh, up to date evidence to counter the Beeching Report on railways. Roads also came in for much criticism by the Panel – especially the ever-present single track roads which, apart from denying adequate access around the area, were restricting the development of tourism. With the establishment of the Highland Transport Board came the long sought recognition that the Highlands and Islands was a distinctly different region of the United Kingdom with distinctly different transport needs and the new Board would, as far as possible, recognise the Highlands' requirements between road, rail, air and sea services.

Perhaps the most poignant reversal of traditional thought relating to Highland government came about in October 1962, when the generally accepted view, that local authorities could not be expected to do more than they were already doing, was turned around with the question, 'Are they doing enough?' A new Highland authority had not been welcome in the past because, it was thought, such an appointment would displace some of the Local Authorities' functions. This was the argument met by Sutherland County Council in the early 1950s when their plight in respect of the county's depopulation caused them to lobby other Highland councils and the government for a 'Special Authority' to inquire into 'the rehabilitation of the Northern Counties'.⁷ Ten years later, however, Sutherland County Council was cited as having 'the responsibilities of a county, but the resources of a parish'. If there was to be any advance in economic planning, somebody, other than the present local authorities, would be needed to carry it out. For that reason alone, the argument that a Highland Development Authority was undesirable, because it would to some extent supplant the local authorities, was no longer valid.⁸

The thesis has argued that it was this turn around of opinion upon which Michael Noble began to base his detailed strategy of Highland Development early in 1963. His ideas however were not without their setbacks. Original plans were based around the merger of the two Scottish electricity boards and a need to

⁶ *Glasgow Herald* 6 December 1963, 6/7 The other Highland Transport Board members were, James Amos, former chairman Scottish Omnibuses; J.A. Keyden, former managing director, Pressed Steel Company, Linwood; and B. Boxall, chairman of Scottish Aviation.

⁷ NAS APH(52)45 Sutherland County Council's meeting with the Highlands & Islands Advisory Panel 21 February 1952. Resolution originally reported in the *Northern Times* 10 August 1951, 2.

⁸ NAS SEP4/1929 R. H. Law's paper, 'A Strategic Appreciation of Highland Development' (sent to Sheldrake, Grieve, Whitworth and Russell), 12 October 1962, paragraph 19.

replace the 'development' aspect of the Hydro Board's 'social clause' in a way which would satisfy opinion in the Highlands and Islands. Such a merger was abandoned, for reasons including fear of losses at the forthcoming general election.⁹ Nevertheless, other significant Noble initiatives did succeed, notably the creation of a Highland Transport Board, and his 'small business' initiative for the Highlands and Islands in the form of the Treasury Loan Scheme, financed by the Development Commission and operated by the Highland Fund Ltd and John Rollo, now surprisingly welcomed as an active participant in 'official' Highland policy.

Considerable emphasis has been given in the thesis to Scottish Office discussions from around October/November 1963 to demonstrate the awareness within the Scottish Office of the feasibility of a revised Highland administration, a whole year before the October 1964 general election. The thesis has also referred to the Development Commission's observations at this time, initially noting the success of their Loan Scheme through the Highland Fund, and their suggestions of new experiments with selected 'trigger areas', following the Norwegian example, with tri-partite action shared between central government, local government and private enterprise.¹⁰ In the public arena, the Labour Party's election campaign began to call for a 'Little Social Revolution in the Highlands' with their ideas for a 'Highland development body'.¹¹ Publicly, Secretary of State Michael Noble remained unconvinced, but as this thesis has been able to show, discussion for change within the Scottish Office was detailed and thorough. An initial suggestion by Sir Matthew Campbell at the Department of Agriculture and Fisheries was that 'a Highland Development Authority could well take over and extend the work which in the past had been the responsibility of the Development Commission.' It could coordinate existing agencies, stimulate new ones, and provide financial assistance. Such a full-time authority outside the 'development machine' would have more freedom to explore such possibilities, as it would not be able to commit government. Indeed, civil-servant Campbell's positivity went as far as seeing such an agency as 'a feasible proposition'. Put simply, he saw such a Highland authority taking over the role of the Development Commission in the Highlands and

⁹ Ian Levitt, *The Treasury, Public Investment and the Development of Hydro-electricity in the North of Scotland, 1951-64*, *Northern Scotland*, 24, 2004, 87/88.

¹⁰ NAS SEP12 /515 /18a 'Proposals for Rural Development etc', paragraphs 37-46, 17 April 1964.

¹¹ *Inverness Courier* 24 March 1964, 4. 'Little Social Revolution in Highlands'.

Islands.¹² This interpretation of the resulting Highland Board has been more recently confirmed by the Development Commission's historian –

The Highlands and Islands Development Board had been created in 1965 and had effectively taken over the role of the Development Commission in these areas, though constitutionally the Commission still retained responsibility for the whole of rural Scotland.¹³

If the thesis has demonstrated the elements of continuity and change over thirty years enabling the evolution of government policy for the Highlands and Islands, it could also be argued that there was a coming together of 'Highland policy' across the Scottish political spectrum during the period. In the mid-1930s Sir Alexander MacEwen of the newly created Scottish National Party was very much to the fore in Highland campaigning calling for a Highland Board rather than a Commissioner ('dictator') following publication of the Hilleary Report in 1938.¹⁴ The Highland Development League's chairman, Dr Lachlan Grant was also quick to voice vituperative nationalist sentiments in his newspaper column at the time with talk of 'a Subordinate English Province'.¹⁵ After the war years it was the Labour government which brought about the North of Scotland Hydro-Electricity Board in 1943,¹⁶ and created the Highlands and Islands Advisory Panel in January 1947. They followed up with their White Paper on the Highlands in June 1950¹⁷, only to lose power in October 1951 to a Conservative government. Whilst inheriting the benefits of Labour's policies, the new government was reluctant to adapt its UK policy to the specific requirements of Sutherland county councillors' call for help relating to their concerns for the county's depopulation. This government's attention was directed more towards the crofting communities with the creation of a new Crofters Commission in July 1955.¹⁸ Otherwise policy

¹² NAS SEP12/217/77 21 April 1964, Sir Matthew Campbell, DAFS to T.D. Haddow enclosing a 5 page 'Note' on a possible Highland Development Authority, paragraphs 2-14.

¹³ Rogers, *Rural Development Commission*, 90.

¹⁴ *Scots Magazine*, January 1939, 293-8.

¹⁵ *Northern Times*, 10 August 1939, 4.

¹⁶ Peter L. Payne *The Hydro, A study of the Development of the Major Hydro-Electric Schemes undertaken by the North of Scotland Hydro-Electric Board* (Aberdeen, 1988), Ch 4, 50.

¹⁷ Parliamentary Papers, *A Programme of Highland Development*, 1950, Cmd.7976.

¹⁸ James Hunter, *Last of the Free, A Millennial History of the Highlands and Islands of Scotland* (Edinburgh, 1999), 352.

relating to general development in the Highlands and Islands was static – perhaps creating a need for an organisation such as the Highland Fund, and the enterprise of John Rollo?

The thesis has suggested that rather than specific party political pressures, it was the general concerns of the Highland Committee at the Scottish Office in 1962 which moved Highland policy forward. Following Michael Noble's successes with the Highland Transport Board and the Treasury Loan Scheme, further Highland possibilities continued to be explored at the Scottish Office especially by Sir Matthew Campbell. Campbell had been particularly engaged in the implementation of the Crofters Commission recommendations and was fully aware of the detailed nature of the highlands' and islands' problems. Perhaps more than anyone at the Scottish Office he faced up to the fact that a substantial expenditure of public money would be required to achieve any effective improvements.¹⁹ There was now a political awareness within the Scottish Office that a Labour government following the October 1964 election would be more likely to proceed with the option for a Highlands and Islands Development Board, and by election day the Scottish Office departments were well prepared for such an outcome. Indeed, even an element of continuity from the original Highland Committee discussions followed through to the Board with Robert Grieve being appointed as Highland Board chairman in 1965. At his first press conference he stressed that 'political considerations' would not influence appointments to the Board. Perhaps suggesting he already had in mind John Rollo whose politics in 1957 were described by a civil servant as being 'closely identified with the Scottish Nationalist [sic] Party', this was at a time when the Highland Fund appeared to be kept at arm's length from official circles.²⁰

After the general election of October 1964, the 'official circles' were again in the charge of the Labour Party with William Ross appointed Secretary of State for Scotland. After only five months, in March 1965, legislation for a Highlands and Islands Development Board was ready for debate in the House of Commons. It was perhaps appropriate that it should be a Labour Party Bill, given their 'Highland' progress in the late 1940s before being ousted from office in 1951. Apart from

¹⁹ *The Independent* (London) 25 March 1998, Obituary: Sir Matthew Campbell.

²⁰ NAS SEP12/67 Minute, 11 November 1957, 'The Highland Fund Ltd', from W. S. Murrie, Scottish Home Department, to the Under Secretary of State for Scotland.

their work for the crofters in 1955, the Conservative government did little to add to the 1940's progress until spurred into action by their Highland Committee in the 1960s, when the gauntlet for action was picked up by Michael Noble. In the House of Commons in 1965, William Ross admitted his new government now sought to rectify the State's past historical failures in the Highlands and Islands.²¹ In 1965, there were no two gentlemen better qualified to lead this task than the chairman and vice-chairman of the new Board. Robert Grieve had an extensive government background in large scale planning. John Rollo brought practical business experience from the successful Rollo Industries, but more especially, a much-needed empathy for the 'small' businessman – a vital commodity in the Highlands and Islands.

²¹ *Hansard* 708, 16 March 1965, Highland Development Bill Second Reading, Col.1095.

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APPENDICES

Chapter one – Appendix (i); page 31

Members of the Scottish Economic Committee's Sub-Committee for the Highlands & Islands, set up by the Scottish Development Council, summer 1936. Information from *Inverness Courier*, 11th September 1936 –

Chairman - **Major Edward Langdale Hilleary**, landowner Edinbane, Skye - distinguished H.M. Forces' service, former Convenor of Inverness County Council Finance Committee.

Mrs Flora MacLeod of MacLeod, daughter of the late Chief of the MacLeod Clan, resident at Dunvegan Castle, succeeded her father's estates. Deep interest in practical Highlands & Islands welfare - Member of Inverness County Council

Hon. Robert Bruce, brother of the Earl of Elgin - owned Glenernie Estate; active in the County of Moray; served in the 11th Hussars in the Great War; Commandant of the Officers' Training School at Salisbury Plain, 1916.

Sir John Sutherland, C.B.E., LL.D., Inverness, original member of the Crofters' Commission, member of the Royal Commission on Forestry, who served on the 1912 Commission for Small Holdings to superintend forestry work for the Board of Agriculture. Well informed on Highland problems, and an expert on forestry.

W. Murray Morrison, launched the Aluminium Works at Foyers - active in County affairs - went to London in the aluminium industry. Vice-chairman of British Aluminium Company, and Chairman of Inverness-shire Association in London.

Norman Maciver, Stornoway – active in the fishing industry for over 30 years.

Joseph P. Duncan, Secy of the Scottish Farm Servants' Union - prominent in Trade for 30 years, resigned, but replaced by **Lt. Col. The Hon. G. Evan Baillie, M.C.**.

Also, Secretary, **Sir William Goodchild, CMG**, Secretary-General of the Scottish Economic Committee; and

Assistant Secretary and Researcher, **Adam Collier, M.A.**

Chapter six – Appendix (i)

page 197: Annex - Highland Development Corporation

The Highland Development Corporation would be analogous in principle to the Development Corporation of a New Town, and would consist of not more than, say, ten members appointed by the Secretary of State. Its functions might be ‘the initiation, organisation, prosecution and assistance of measures designed to facilitate the economic development and social improvement’ of the Highland area (these words are taken from the Special Areas Act of 1934). For this purpose the Corporation would have to have powers to acquire and hold land, to carry out building and other operations, and to assist existing agencies as wide in scope as those enjoyed by a New Town Corporation. It would also have to have a duty to submit to the Secretary of State from time to time, “development proposals” for the Highland area or parts of it. It would be subject to directions as to what should be included in those proposals, and in particular to some overall prescription that the cost of their proposals should be balanced against the probable economic benefits resulting from them (c.f. Section 12(7) of the New Town Act). These “planning” powers would thus be positive and effectively buttressed by the executive function exercised by the Corporation.

The Corporation, besides being the residuary legatee of the Hydro Board’s social clause, would be able to provide at their own hand (or through an agent like the Scottish Special Housing Association) housing at designated growth or holding points; housing and other facilities and services in centres where population might be resettled (the St Kilda type operation)¹ which will have to be faced in the future; the provision of new villages or townships, for example, in new afforestation areas; the provision of other facilities to support modern community life in such settlements, including small factory units, craft trading units etc.. It could be an important function of the Corporation to provide, or assist in providing, other facilities in support of particular forms of activity, e.g. ski tows, information centres and the range of projects that were the sort of things that might have been financed by the tourist levy.²

¹ A reference to the abandonment of the Isle of St Kilda in 1930 when the remaining islanders were re-housed at, for example, Lochaline on the mainland.

² NAS SEP12 /217/79 Additional Note by T.D. Haddow, ‘Annex’ to above correspondence

Chapter six – Appendix (ii)

page 199: The Highland Board's suggested powers and functions -

- (a) Encouragement and Coordination - by which the Board would, on behalf of the Secretary of State, consider the activities of all the specialist Highland agencies. So far as such agencies were concerned no special powers would need to be given to the Board's recommendations through the normal machinery of government. It was hoped that this would usually be the case with the agencies such as the Scottish Tourist Board, particularly if the Highland Development Board could back its recommendation with finances, although there might be some cases where the new Board itself would have to act.
- (b) Assisting Development - there were two main gaps in the present provision for encouraging development to take place in the Highlands - financial and managerial. Financially, there had to be worthy schemes which offered a prospect of economic viability which did not fulfil all the basic conditions laid down for assistance under the Local Employment Act, particularly in relation to the number of directly additional jobs which could be provided initially. Nevertheless, the economic future of an area might depend upon bringing such activity into being. It was therefore envisaged that while the Board of Trade should continue, with the help of BOTAC, to administer the Local Employment Act, a Highland Development Board should have a fund from which it should be able to give financial assistance to undertakings falling outside the scope of that Act. That would take the place of the limited and restricted assistance that was being made available currently through the Highland Fund. The Highlands were, however, short of people with the necessary executive and managerial capacity to crystallise promising ideas into workable schemes, or even when a workable scheme already existed, to provide the advice and 'know how' to carry them through to success. A number of promising ventures had in the past failed on this account. To meet this, the Board would be required to have a research and managerial advisory staff in its employ that would look for such schemes, help to work them out and carry them through. Financial assistance would be made available where necessary, conditional upon submission to the direction of these experts.
- (c) Direct Development by the Board - where no suitable agency already existed or could be brought into being, essential developments would have to be carried

out directly by the Board. For this purpose the Board would have to be empowered to acquire land if necessary by compulsion, and to carry out development works thereon.³

Chapter six – Appendix (iii)

page 223: John Rollo's acceptance letter to the Secretary of State, William Ross

Dear Mr Ross,

I am very deeply appreciative of the honour you do me in inviting me to become a full time member of the Highlands and Islands Development Board.

Since I received your letter of the 10th September I have thought deeply on the matter because of the business complications involved for me, but my duty and obligation in the matter has never been in doubt.

In my business here, which I founded in 1930, making precision lathes, I still remain the only light Lathe Maker in Scotland, and round this little hub I have created the little factories at Easdale, Inverasdale, Kinloch Rannoch, and as from yesterday, Aberfeldy. Rollo Industries is not a large industry. I employ in all about a hundred people, roughly a quarter of these being in my Highland factories, the oldest of which is now in its 27th year of operation. [Easdale]

Five years ago I made three of my younger members of 65 staff, directors, to allow me greater time to devote to the Highland Fund, and the senior of these James Scott has been very seriously ill for the last 9 months, having had 3 operations, which has meant that for the last year or so I have been carrying the burden of his work as well as my own. I got word yesterday, however, that the latest operation would appear to be successful, and that he may be fit for work in another month.

You will appreciate therefore that the time available to me to plan my departure from here in a matter of six weeks, involves me in careful and considered, but at the same time, rapid planning, because I must ensure the continuation of this industry, one of the few, very few, sections of the Machine Tool Industry in Scotland, and the perpetuation of the Highland satellites.

³ NAS SEP12/172/38 SDG58/64 Brief prepared October 1964 for the Secretary of Scotland by the Department of Agriculture and Fisheries for Scotland in consultation with the Scottish Development Department is circulated for the information of the Scottish Development Group

Twice in the last five years, I have refused offers from larger companies, one Scottish, one English to purchase my business, but these I have refused because no guarantees would have been given that the branch factories would be continued. Although these offers would have enabled me to live in affluent retirement, acting only as an advisor, I declined them.

In the present instance therefore, I propose to hand over the operation completely to my younger directors and will give up all active part, but I hope that it will be possible for me to remain chairman of my company, where with the controlling interest, I will be able, during my period with the Board in Inverness to control the policy of the company, more particularly in reference to the Highland factories.

I would hope also that it would be possible for me to remain chairman of the Highland Fund, because when the late Herbert Ross gave me the sum of £150,000 in 1953 which enabled the Fund to achieve what it has done, I gave him a personal obligation that this money would be looked after as if it were my own, and the fact that this sum still exists having circulated more than twice over and has not been diminished by losses, speaks for itself.

The call on my time here, would not be great, one evening meeting per month of the Council. I have no other commitments, except that of unpaid chairman of the Brora Colliery, and membership of the Cairngorm Winter Sports Development Board, which I joined as watch dog in the case of the money which the Highland Fund lent for development of the new chair lift. These I will resign from and arrange substitutes from the Council of the Fund.

I am sorry to have written at length, but you will realise the involvement of the decision I have had to make, and my decision is that I must accept your invitation, and in doing so I can assure you that I will back Professor Grieve in every way in the enormous task he has undertaken.

Yours Sincerely, John M. Rollo

[A handwritten note at the top of this letter, initialled 'WR', stated, "We can accept this I'm sure."⁴]

⁴ NAS SEP12/359/34 Letter 9th September William Ross, Secretary of State to John Rollo offering a place on the Highland Development Board, and John Rollo's extensive reply 14th September 1965